United Nations A/78/329

General Assembly

Distr.: General
25 August 2023

Original: English

Seventy-eighth session
Items 136 and 137 of the provisional agenda*

Programme budget for 2023

Proposed programme budget for 2024

Report of the United Nations Joint Staff Pension Board on the work of its seventy-fifth session and administrative expenses of the United Nations Joint Staff Pension Fund

Report of the United Nations Joint Staff Pension Board

* A/78/150.

23-16486 (E) 301023

Contents

Abbreviations

CARE strategy	Client-focused, action-oriented, relations-builder and efficacy-driven strategy
FAFICS	Federation of Associations of Former International Civil Servants
FAO	Food and Agriculture Organization of the United Nations
FICSA	Federation of International Civil Servants' Associations
IAEA	International Atomic Energy Agency
IAS	International Accounting Standard
ICAO	International Civil Aviation Organization
ICSC	International Civil Service Commission
ICT	Information and communications technology
IMO	International Maritime Organization
IPAS	Integrated pension administration system
IPSAS	International Public Sector Accounting Standards
ISO	International Organization for Standardization
ITU	International Telecommunication Union
OIOS	Office of Internal Oversight Services
UNESCO	United Nations Educational, Scientific and Cultural Organization
WFP	World Food Programme
WHO	World Health Organization
WIPO	World Intellectual Property Organization

I. Introduction

1. The seventy-fifth session of the United Nations Joint Staff Pension Board was held at the headquarters of International Maritime Organization in London from 24 to 28 July 2023. The Board considered a wide range of issues pertaining to the functioning, management, governance and oversight of the United Nations Joint Staff Pension Fund. It was the second hybrid session of the Board since the Board's approval of a governance reform package, with limited in-person attendance, but with opportunities for the wider Pension Board community to participate remotely.

2. In her opening statement, the Chief Executive of Pension Administration reported that more than 90 per cent of initial separation cases continued to be processed within 15 business days in 2022 and the first half of 2023, and the time to respond to client queries was on target, with less than a minute of wait time for phone calls, half a day for simple questions and 7 days for more complex cases. With respect to the client-focused, action-oriented, relations-builder and efficacy-driven (CARE) strategy of the Fund, the Chief Executive explained that the main objectives defined in 2020 remained relevant for 2024 and beyond. The focus would continue to be on improving the client experience, modernizing pension services and strengthening relationships with all stakeholders. The Chief Executive reported that more than 25,500 digital certificates of entitlement had been issued in 2023, representing more than 36 per cent of the eligible population of retirees and beneficiaries and an increase of more than 66 per cent compared with last year. As part of her budget proposal, the Chief Executive explained that the priorities were to address the growth in the Pension Administration's client base and client service needs and to start the modernization and replacement of ageing information technology systems. The Board welcomed the progress made on the CARE strategy thus far and the next phase of the strategy for 2024 and beyond.

3. The Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund reported on the progress made by the Office of Investment Management. With regard to the investment of the assets of the Fund, the Representative of the Secretary-General reported that the portfolio was valued at $63.0 billion in March 2020, and that, as of 20 July 2023, it was valued at $85.5 billion, representing an increase of more than 35 per cent in total value. He reported that in 2022 global financial markets had experienced turbulence, which had had an impact on the investments of the Fund. As at 31 December 2022, the Fund was valued at $77.9 billion, a decrease of $13.6 billion compared with $91.5 billion as at 31 December 2021. In relation to the absolute return goals, the annualized nominal rate of return for the 50-year period ending 31 December 2022 was 8.04 per cent. This represented an annual real rate of return of 3.92 per cent, after adjustment for the United States consumer price index, which is above the long-term objective of 3.5 per cent. The 15-year annualized real rate of return was 2.18 per cent. The 15-year period included two major market downturns: the global financial crisis and the evolution of the global pandemic. The Representative of the Secretary-General also highlighted the actions taken to ensure that operations of the Office of Investment Management are effective, efficient, safe, responsible and transparent.

4. The Board approved, for consideration by the Advisory Committee on Administrative and Budgetary Questions and approval by the General Assembly, the proposed budget estimates for the administrative expenses of the Fund for 2024 amounting to $140,585,100 (after recosting). In addition, the Board approved an amount not to exceed $112,500 for the Emergency Fund.

5. Governance has remained high on the agendas of both the Pension Board and the General Assembly. In its resolution 77/258, the Assembly welcomed the continued

implementation by the Board of the governance reform plan, as adopted by the Board and endorsed by the Assembly in 2021. The Assembly also acknowledged that the governance reform plan had started to contribute to improving efficiency and effective decision-making of the Board. The Board approved the governance reform plan following the conclusions of its sixty-eighth (special) session, in February 2021 and the relevant guidance and resolutions from the Assembly, including on the size and composition of the Board, the establishment of an ethics policy that would implement its code of conduct and the updating of the terms of reference for the Chair and the responsibilities of Board members. The governance reform plan also established a framework for the frequency of meetings, and an annual Board cycle was developed. The Board now holds annual virtual meetings in February and April that focus on organizational and preparatory matters relating to plan design and the updating of the Regulations of the Fund. The two virtual sessions are followed by a hybrid session in July, at which all of the important and critical issues under the Board's purview are considered.

6. The Board recalled the previous recommendations of the General Assembly concerning the governance of the Board and the 2021 decision of the Board to conduct a full review of all adopted reform proposals in July 2025. In that regard, at its February 2024 session, the Board will consider its experience with respect to the governance reform, including a review of the terms of reference for and establishment of a governance working group that would be requested to present recommendations to the Board no later than at its session in July 2025.

7. With regard to actuarial matters, the Board endorsed, in accordance with article 11 of the Regulations, the recommendation of the Committee of Actuaries regarding the assumptions for the next actuarial valuation as at 31 December 2023. With regard to the real rate of return on investments, the Board agreed with the recommendation of the Committee of Actuaries that, based on the concurrence of the Investments Committee and the Fund Solvency and Assets and Liabilities Monitoring Committee, the expected asset return based on the revised capital market assumptions, strategic asset allocation and the Fund's historical longer-term investment performance, a 3.4 per cent real rate of return assumption should be used.

8. With regard to audit matters, the Board took note with appreciation of the report of the Office of Internal Oversight Services for the year ended 30 June 2023. The Pension Board also took note of the report of the Board of Auditors, expressed appreciation for its audit work and noted the unqualified audit opinion on the financial statements of the Fund for the year ended 31 December 2022. The Board also reviewed and approved the Fund's financial statements for 2022.

9. The Board considered the 2023 asset and liability management study, which is carried out by the Fund every four years, and noted that the Committee of Actuaries, the Investments Committee, the Representative of the Secretary-General, the Office of Investment Management and the Fund Solvency and Assets and Liabilities Monitoring Committee had all considered the results of the study and had incorporated the findings into their own deliberations. The Board also approved the funding policy for the Fund and noted that such a written policy would improve transparency in communications and stakeholders' understanding of the key issues affecting the funding and solvency of the Fund.

10. With regard to benefits, the Board discussed and agreed on a framework for the extension of the guidelines for spousal benefits under articles 34 and 35 of the Regulations of the Fund. The Board also decided to recommend that the General Assembly approve an amendment to article 15 (b) of the Regulations to codify the annual budget cycle and approved related amendments to the Financial Rules of the

Fund, subject to approval by the Assembly of the amendment to article 15 (b) of the Regulations.

11. The Board further decided that no change should be made with respect to the authority provided by the Board to the Chief Executive to make provisional payments, and that the Chief Executive should continue to have such discretionary authority, where reasonable and appropriate, to issue such payments in cases of financial hardship. The Board decided to continue to monitor the use of the provisional payment mechanism, to receive reports from the Chief Executive on the use of the mechanism on an annual basis and to review the authority of the Chief Executive to issue provisional payments in three years.

12. In accordance with article 16 (a) of the Regulations, the Board decided to recommend to the General Assembly that the membership of the Special Tribunal for Lebanon in the Fund be terminated on 31 December 2023.

13. In response to the request of the General Assembly in resolution 77/258 for the Fund to report on steps taken in cases where the incorrect pensionable remuneration rate is applied by member organizations of the Pension Fund for purposes of administering the Fund's Regulations, the Board took note of the framework that applies to the reporting of pensionable remuneration and the steps that the Fund takes in cases where discrepancies are identified.

14. The Board approved, subject to the concurrence of the General Assembly, the transfer agreement between the Fund and the European University Institute.

II. Recommendations and decisions of the United Nations Joint Staff Pension Board that require action by the General Assembly

15. The Board recommended that the General Assembly approve an amendment to article 15 (b) of the Regulations of the Fund to codify the annual budget cycle.

16. In accordance with article 16 (a) of the Regulations, the Board recommended to the General Assembly that the membership of the Special Tribunal for Lebanon in the Fund be terminated on 31 December 2023.

17. The Board approved, subject to the concurrence of the General Assembly, the transfer agreement between the Fund and the European University Institute.

18. In respect of the budget estimates for 2024, the Board recommended that the Advisory Committee on Administrative and Budgetary Questions consider, and the General Assembly approve:

(a) The proposed budget estimates for 2024 amounting to $140,585,100, of which, $8,423,100 would be directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee, comprising:

(i) Secretariat of the Pension Board ($1,387,200);

(ii) Pension Administration ($71,060,100);

(iii) Office of Investment Management ($65,883,700);

(iv) Audit ($2,254,100);

(b) An amount not exceeding $112,500 to supplement the contributions to the Emergency Fund.

III. Opening of the session

19. The seventy-fifth session of the Board was held at the headquarters of the International Maritime Organization in London from 24 to 28 July 2023. The session was opened by Annick Vanhoutte, Chair of the seventy-third, seventy-fourth and seventy-fifth sessions of the Board and representative of the executive head of FAO.

20. The Chair welcomed the Board members. The Chair highlighted various important issues on the agenda pertaining to the administrative budget of the Fund for 2024, as well as items related to the actuarial and financial situation of the Fund and the investment of the assets of the Fund.

21. The Board adopted the agenda and took note of the decisions taken during its virtual sessions in February 2023 (seventy-third session) and April 2023 (seventy-fourth session).

22. At its seventy-third session, the Board:

(a) Elected its officers for 2023 (seventy-third, seventy-fourth and seventy-fifth session of the Board);

(b) Took note of the proposed workplan for 2023 presented by the Secretary of the Board;

(c) Took note of an update by the Plan Review Group;

(d) Appointed new members to its Budget Committee and its Succession Planning and Evaluation Committee;

(e) Decided to establish an Ethics Policy Review Group and confirmed the composition of the Group based on nominations received;

(f) Took note of the decisions taken by the General Assembly in its resolution 77/258 and requested a legal analysis of its request to allow retrospective recognition of beneficiaries in certain circumstances;

(g) Took note of an update/statement by the Chief Executive of Pension Administration;

(h) Took note of an update/statement by the Representative of the Secretary-General for the investment of the assets of the Fund;

(i) Took note of the 2022 survey results and encouraged all members of the Board to respond to future surveys. The item on survey results will remain on the agenda of the Board for the February 2024 session;

(j) Discussed release time for participants representatives and agreed that the spokespersons of the constituent groups would work with the secretariat of the Board to develop recommendations.

23. At its seventy-fourth session, the Board:

(a) Took note of an update/statement by the Chief Executive of Pension Administration;

(b) Took note of a statement by the Representative of the Secretary-General for the investment of the assets of the Fund;

(c) Requested the Succession Planning and Evaluation Committee to find a short-term, interim solution to support the work of the Ethics Policy Review Group and to recommend a longer-term solution for the engagement of an Ethics Adviser for the Board and to report to the Board at its seventy-fifth session;

(d) Concurred with principles developed by the Pension Administration to implement restoration in the case of deferred retirement benefits and approved related amendments to the Administrative Rules of the Fund;

(e) Considered a proposed framework presented by the Chief Executive of Pension Administration to implement the request by the General Assembly to allow retrospective recognition of beneficiaries arising from marriages in certain circumstances and requested that the item be revisited at its seventy-fifth session;

(f) Supported certain proposed changes to the appeals procedure before the Standing Committee;

(g) Approved a mechanism and template letter to address issues concerning the release time for participants representatives;

(h) Took note of the report of the 208th meeting of the Standing Committee;

(i) Took note of decisions of the United Nations Appeals Tribunal of interest to the Board.

24. For its seventy-fifth session, the following officers remained elected as of February 2023:

Chair:	Annick Vanhoutte, representative of the executive head of FAO
First Vice-Chair:	Olga Carolina Bascones, representative of the participants of WHO
Second Vice-Chair:	David Traystman, representative of the General Assembly
Rapporteur:	Kathryn Alford, representative of the Secretary-General

A. Statement by the Chief Executive of Pension Administration

25. The Chief Executive of Pension Administration updated the Board on the Fund's key financial and demographic data, Pension Administration performance, the CARE strategy for 2024 and beyond and the 2024 budget proposal.

26. The Chief Executive stated that the population that the Fund served continued to grow, with a noticeable increase in the number of participants in 2022 (an increase of 4.6 per cent compared with 2021). Retirees and beneficiaries were living longer across all age groups, increasing the need for services from the Fund.

27. With regard to the Fund's operational performance, the Chief Executive informed the Board that the pension payroll had continued to be issued on time. An unprecedented number of countries had had a cost-of-living adjustment applied in April 2023 (125 countries compared with 61 in 2021) owing to inflation. The Fund had reacted promptly to address recent payment disruptions to banks in the Sudan and the Russian Federation. The Chief Executive informed the Board that the Pension Administration was preparing for the closure of the United Nations Multidimensional Integrated Stabilization Mission in Mali, which could potentially entail 1,600 separations by the end of 2023.

28. The Chief Executive reported that more than 90 per cent of initial separation cases had continued to be processed within 15 business days in 2022 and the first half of 2023, and the time to respond to client queries was on target, with less than a minute of wait time for phone calls, half a day for simple questions and seven days for more complex cases.

29. Responding to the request of the General Assembly to provide information on the digital certificate of entitlement, the Chief Executive reported that more than

25,500 digital certificates of entitlement had been issued in 2023, representing more than 36 per cent of the eligible population of retirees and beneficiaries and an increase of more than 66 per cent from last year. She stressed the cost-effectiveness and practicality of this solution, including the intrinsic features of the digital certificate of entitlement that reduce the risk of fraud and help avoid the unnecessary suspension of benefit payments.

30. Turning to the next phase of the CARE strategy, the Chief Executive explained that the main objectives defined in 2020 remained relevant for 2024 and beyond. The focus would continue to be on improving the client experience, modernizing pension services and strengthening relationships with all stakeholders.

31. The Chief Executive added that a systems upgrade was a necessity, as ageing information technology systems were becoming a risk to the Fund. The intention was to adopt a gradual, phased approach over a six-year period, which would mitigate the risk of rushed implementation. The modernization impacted the 2024 budget proposal and would have an effect on future budgets.

32. The Chief Information Officer of the Pension Administration provided further explanations with respect to the modernization of information technology systems, which included the deployment of the customer relationship management system, as well as the upgrade of the core pension processing and the financial and banking payment systems. The Chief Information Officer also provided an overview of the benefits of moving the Fund’s system to the cloud, which should improve reliability, stability and security.

33. The Chief Information Officer provided a timeline for the modernization, explaining that the activities would be conducted in three phases, with completion planned for 2030.

34. With respect to the 2024 administrative budget proposal for the Pension Administration, the Chief Executive explained that the priorities were to address the growth in the client base and client service needs of the Pension Administration and to start the modernization and replacement of ageing information technology systems. Overall, the 2024 administrative budget remained conservative. Whereas projects and initiatives of limited duration accounted for a temporary increase of $3.3 million, the core mandate, driven by workload, accounted for an increase of only $0.5 million, and technical adjustments for only $0.8 million. The proposal included 7 new posts, 2 conversions and 13 general temporary assistance positions.

35. The 2024 budget proposal also included merging the Pension Administration and Office of Investment Management risk management functions by changing the reporting line of the Risk Management Unit from the Deputy Chief Executive of Pension Administration to the Chief Risk and Compliance Officer of the Office of Investment Management.

36. In response to a question from a representative of the participants group about the three phases of the modernization of the information technology systems and whether they were dependent upon each other, it was clarified that the three phases of the project would follow a logical sequence and were dependent upon one another.

37. FAFICS congratulated the Pension Administration for placing emphasis on client services, improved performance on the time taken to respond to client queries and interactions with retiree associations throughout the year. FAFICS underlined positive feedback received on the digital certificate of entitlement from older retirees and stressed the importance of retaining the paper form option for those who wish to make use of it.

38. **The Board thanked the Chief Executive of Pension Administration and her entire team for the progress made on the CARE strategy and took note of her statement.**

B. Statement by the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund

39. The Representative of the Secretary-General for the investment of the assets of the Fund reported on the progress made by the Office of Investment Management. Over the past few years, the Office had faced challenges, including a lack of resources and tools. The absence of a sustainability strategy, a business continuity plan and a cybersecurity plan, as well as the need for greater transparency and reporting under the Global Investment Performance Standards, had further compounded these issues.

40. The Pension Board and the General Assembly had agreed to support the request by the Office of Investment Management for support to obtain the tools and resources to shift the Office towards more stringent investment benchmarks. The Office had also collaborated with the United Nations Staff College in carrying out a culture transformation plan aligned with the United Nations system leadership framework, which had yielded promising results over the past three years.

41. The Representative of the Secretary-General discussed the Fund's performance in the markets. The portfolio was valued at $63.0 billion in March 2020, and, as at 20 July 2023, it was valued at $85.5 billion, representing an increase of more than 35 per cent in total value.

42. The Representative of the Secretary-General highlighted the actions taken to ensure that the operations of the Office of Investment Management were effective, efficient, safe, responsible and transparent. He informed the Board that a study conducted by a consultant cost-effectiveness firm found that the Fund compared favourably against other pension funds in terms of cost, but not in terms of transparency. He sought the support of Board members in helping to improve transparency. The new website had been well received and the Office of Investment Management had obtained a good report using the Global Investment Performance Standards.

43. The Representative of the Secretary-General explained that the annual increase in the budget was 14.7 per cent; however, with the exclusion of the inflationary effect on contractual services, the increase would have been closer to 10 per cent. The increase in post and other staff costs accounted for 19.4 per cent of the overall increase, while contractual services accounted for 64.6 per cent and travel accounted for 5.6 per cent.

44. The main increases for contractual services were in the areas of information technology, related to the need to remain vigilant against cybersecurity attacks; outside counsel, consistent with the needs of the shift towards level 3 investments; and additional posts to explore impact investing.

45. The Representative of the Secretary-General explained that the Fund had decided to consider enterprise-wide risk management with a unified view of risks across the organization. He added that the two teams (i.e., the teams addressing risk for the Pension Administration and the Office of Investment Management) would be co-located for better coordination in identifying and mitigating risks.

46. **The Pension Board expressed gratitude for the excellent collaboration between the Chief Executive and the Representative of the Secretary-General and their respective offices and took note of the statement by the Representative of the Secretary-General.**

IV. Actuarial matters

A. Valuation methodology and assumptions for the thirty-seventh actuarial valuation of the Fund as at 31 December 2023

47. The Pension Board considered the report of the consulting actuary on the valuation methodology and assumptions for the thirty-seventh actuarial valuation of the Fund as at 31 December 2023. Representatives of the consulting actuary summarized the key findings contained in the consulting actuary's note and answered questions from the Board.

48. The consulting actuary provided an overview of the methods for evaluating the suitability of current assumptions for the upcoming actuarial valuation as at 31 December 2023, noting that the experience review covered the biennium 2021–2022 and the decade 2013–2022.

49. In view of the analysis, the consulting actuary suggested the following changes to the demographic and other related assumptions for the purposes of the actuarial valuation as at 31 December 2023:

(a) The reset of the mortality improvement period to 20 years (through 2043);

(b) The modification of certain withdrawal, early retirement and normal retirement rates;

(c) The modification of post-retirement mortality rates for disability retirements.

50. Reference was also made to the long-term capital market assumptions for 2023, which drive the selection of the valuation interest rate. The proposed assumptions were developed after taking note of the capital market assumptions used in the 2023 asset and liability management study, which incorporated views from the Investments Committee and the Office of Investment Management, as well as insights from the consulting actuary and individual members of the Committee of Actuaries. It was noted that the Fund needed to focus on managing downside risk more than upside returns, and to be prepared for a future investment outlook that was not as positive as in the past. It was observed that, while the Office of Investment Management focused on an investment horizon of 10 years and the asset and liability management studies and investment policy statement reviews were conducted quadrennially, the horizon of actuarial valuations was necessarily longer-term, that is, 30 or more years. While in prior asset and liability management studies, the assumption of achieving a 3.5 per cent real rate of return was seen to be attainable, the 2023 study found that this might be less likely in the future.

51. Taking into account discussions with the Committee of Actuaries, the consulting actuary summarized the sets of assumptions to be used for the 2023 valuation (see table 1).

Table 1
Economic and participant growth assumptions to be used in the 2023 valuation

	Assumption (percentage per annum)		
	I[a]	*II*	*III*
A. Economic factors			
Nominal rate of interest (investment return)	6.0	6.5	5.1
Inflation rate	2.6	2.6	2.6
Real rate of interest (investment return after inflation)	3.4	3.9	2.5
Increases in pensionable remuneration (in addition to static increases)	3.1	3.1	3.1

	Assumption (percentage)	
	I[a]	II
B. Future growth of participant population for each of the first 10 years (zero growth thereafter)		
Professional staff	0.5	(1.0)
General Service staff	0.0	(1.0)

[a] These sets are designated as the regular valuation basis.

52. The regular valuation would be A.I combined with B.I. The other valuations showing sensitivity to economic assumptions would be A.II combined with B.I and A.III combined with B.I. The other valuation showing sensitivity to growth in the number of future participants would be A.I combined with B.II. Accordingly, there will be four valuation results.

53. The estimated changes in the theoretical required contribution rate corresponding to the suggested changes are set out in table 2.

Table 2
Estimated changes in the contribution rate resulting from the changes suggested by the consulting actuary to the assumptions for the actuarial valuation

Change	*Estimated changes in the contribution rate as a percentage of pensionable remuneration*
Demographic assumptions	
Modification of post-retirement mortality rates for disability retirements	(0.05)
Reset of the mortality improvement period to 20 years (through 2043)	0.07
Modification of early and normal retirement rates	(0.04)
Modification of withdrawal rates	0.02
Subtotal	**0.00**
Economic assumptions	
Reduction of the real interest rate from 3.5 per cent to 3.4 per cent (this will be re-determined during actuarial valuation as at 31 December 2023)	0.81
Total, demographic and economic assumptions	**0.81**

54. **The Board thanked the representatives of the consulting actuary for the presentation and report.**

B. Report of the Committee of Actuaries

55. The Chair and the Vice-Chair/Rapporteur of the Committee of Actuaries presented the report of the sixty-second session of the Committee, which was held from 14 to 16 June 2023. Representatives of the Committee summarized the key findings contained in the report and answered questions from the Board.

56. The Committee concurred with the proposed methodology and assumptions for the actuarial valuation results as at 31 December 2023 as summarized in paragraphs 47 to 53 above. In respect of the economic assumptions, the Committee agreed that there was sufficient evidence to lower the outlook for the real rate of investment return

and recommended that the Fund lower its assumed real rate of return to 3.4 per cent per annum for the actuarial valuation as at 31 December 2023.

57. **The Board agreed with the recommendation of the Committee of Actuaries to make the following changes to the assumptions for the purposes of the actuarial valuation as at 31 December 2023:**

(a) **The reset of the mortality improvement period to 20 years (through 2043);**

(b) **The modification of certain withdrawal, early retirement and normal retirement rates;**

(c) **The modification of post-retirement mortality rates for disability retirements.**

58. **With regard to the real rate of return on investments, the Board agreed with the recommendation of the Committee that, based on the concurrence of the Investments Committee and the Fund Solvency and Assets and Liabilities Monitoring Committee, the expected asset return based on the revised capital market assumptions, strategic asset allocation and the Fund's historical longer-term investment performance, the 3.4 per cent real rate of return assumption should be used for the upcoming actuarial valuation as at 31 December 2023.**

59. **With regard to the inflation assumption, the Board agreed with the recommendation of the Committee that the long-term inflation assumption be increased to 2.6 per cent per annum, from 2.5 per cent per annum, thus retaining a nominal investment return assumption of 6.0 per cent as the discount rate.**

60. **The Board also agreed with the recommendation of the Committee that two additional sets of economic assumptions be used for the 31 December 2023 actuarial valuation, based on 2.5 per cent and 3.9 per cent real rates of return, which, when combined with the 2.6 per cent inflation assumption, would produce nominal investment return assumptions of 5.1 per cent and 6.5 per cent per annum, respectively.**

61. **With regard to growth in the future number of active participants, the Board agreed with the Committee's recommendation that the regular valuation should continue to reflect the rate of growth for General Service staff at zero, and that the rate of increase assumed for Professional staff should also remain unchanged from prior valuations, at 0.5 per cent per year for 10 years and 0.0 per cent thereafter. The Board further agreed with the recommendation of the Committee that the 31 December 2023 actuarial valuation include an additional set of assumptions that reflects a negative (arithmetic) growth of participants equal to 1.0 per cent per annum for 10 years, followed by zero growth thereafter.**

62. **The Board also agreed with the recommendation of the Committee that assumed administrative expenses be maintained at 0.38 per cent of pensionable remuneration in the valuation as at 31 December 2023.**

63. **Furthermore, the Board agreed with the recommendation of the Committee that the assumed cost of the two-track feature should remain at 2.1 per cent. The Board also agreed that the Committee's monitoring exercise should continue on the occasion of each actuarial valuation.**

64. In addition to the actuarial valuation methodology and assumptions, the Board was informed that the Committee had discussed a risk quantification study produced by the consulting actuary. The study was focused on the identification and quantification of certain risks borne by the Fund, above and beyond those identified and/or quantified in the biennial actuarial valuation reports. The findings of the study

indicated that the solvency of the Fund was less sensitive to changes in demographic assumptions than economic assumptions; the impact of changes in pensionable remuneration could be significant; and the rate of uptake of lump-sum commutations also had a significant impact on solvency. The Committee reported that this insight would inform future risk assessments in the biennial actuarial valuation.

65. The Board was also informed that the Committee had discussed future risks and the potential impact they could have on the future solvency of the Fund. They included climate change, artificial intelligence, further pandemics and antimicrobial resistance biodiversity risks, and geopolitical events. The Committee identified climate change as a growing concern that could impact human health and noted the challenges it posed for the investment environment. The Committee also noted that artificial intelligence could have a substantial impact on, among other things, productivity, employment and innovation. The Board noted that the Committee had agreed to continue to monitor the developments and to explore, in future discussions, how the Committee could continue to contribute, namely, through the commissioning of more risk quantification studies and/or asset and liability management studies.

66. The Board noted that the Committee had reviewed and updated the Fund's risk solvency monitoring dashboard for discussion with the Fund Solvency and Assets and Liabilities Monitoring Committee. The Rapporteur highlighted areas that would be closely monitored, particularly in respect of the evolving outlook for the future, uncertainty in the global economy and the future investment outlook. The Board was also informed that the Committee had concluded that, based on the findings of the asset and liability management study and ongoing concerns about future changes in the global economy resulting from factors such as climate change, the actuarial assumption item should be rated as red ("requires immediate action"). The Committee action was to recommend a 10-basis-point reduction in the assumed real rate of return for the next actuarial valuation. In response to a question from a member of the Board, the consulting actuary stated that it would need to wait until the next actuarial valuation of the Fund was completed to confirm whether a clear upward pattern of surpluses might materialize.

67. The Committee informed the Board that the development of the funding policy had been concluded, and the Committee had agreed that the policy should be presented to the Fund Solvency and Assets and Liabilities Monitoring Committee for endorsement, with a view to seeking final approval from the Board at its seventy-fifth session.

68. The Board was informed that the Committee had completed an annual evaluation of the services provided by the consulting actuary. The Committee conducted a qualitative survey and discussed the key strengths of the consulting actuary and possible areas for future development. The Committee recognized the continuing complexity of the issues addressed for the Fund by the consulting actuary and confirmed its latest overall appraisal that the consulting actuary continued to consistently apply high professional standards.

69. The Board was informed that the Committee had discussed the possible extension of the current contract with the consulting actuary. The timeline of the consulting actuary services and how it aligned with the current contract terms, as well as the evaluation of the consulting actuary's services (see para. 68), were discussed by the Committee in the context of the possible contract extension. The Committee recommended the reappointment of the consulting firm Buck to provide actuarial services to the Fund for an additional term of two-years.

70. **The Board thanked the Committee of Actuaries for its report and continued service to the Fund and took note of the Committee's report.**

C. Membership of the Committee of Actuaries

71. The Board was reminded that article 9 of the Regulations of the Fund provides that “a committee consisting of five independent actuaries shall be appointed by the Secretary-General upon the recommendation of the Board”. The terms of reference for the Committee of Actuaries stipulates that the terms of regular members will be 3 years and renewable up to a maximum of 15 years. The terms of reference of the Committee also allow for ad hoc members to serve for 2-year terms, renewable for up to 15 years. The Board was informed that the terms of three committee members were expiring at the end of 2023. Two of them had expressed interest in continuing to serve on the Committee, and one had conveyed that it had been his honour to have served the Committee for the past 12 years and expressed his will to step down. **The Board thanked Seiichi Inagaki for his service to the Board as a member of the Committee.**

72. **The Board decided to recommend that the Secretary-General reappoint, beginning 1 January 2024, the following ad hoc members of the Committee of Actuaries:**

(a) **Marcia Dush (United States of America) – ad hoc member (Western European and other States) for a term of two years;**

(b) **Senthamangalam Venkatramani (India) – ad hoc member (Asian States) for a term of two years.**

D. Contract for services of the consulting actuary

73. The Board discussed a note by the Chief Executive of Pension Administration on the possible extension of the current contract with the consulting actuary. The Board recalled that article 10 of the Regulations of the Fund provides that “a consulting actuary to the Board shall be appointed by the Secretary-General upon the recommendation of the Board for the purpose of providing actuarial services to the Fund”. The Board was reminded that after an open tendering process in 2019, the consulting firm Buck was appointed as the consulting actuary to the Fund, commencing 1 January 2020 for an initial term of four years, with allowance for two additional two-year contract extensions.

74. Given that the initial term of the current contract ends on 31 December 2023, the Board was requested to consider whether to recommend the first two-year contract extension. The Board was also informed that feedback was sought from the Committee of Actuaries at its sixty-second session, and that the Committee had endorsed the proposal to proceed with a two-year contract extension with Buck.

75. **The Board discussed extending the current contract with Buck to provide consulting actuary services to the Fund. The Board recommended to the Secretary-General that Buck be reappointed as the Fund’s consulting actuary for a two-year period beginning 1 January 2024, with the possibility of a further, final, two-year extension under the terms of the current contract. The Board also requested the Pension Administration to take appropriate action to prepare terms of reference and other relevant documentation so that it would be in a position to conduct (in consultation with the Procurement Division) a solicitation exercise for consulting actuary services in the event that the final optional extension was not exercised.**

V. Investments of the Fund

A. Management of the investments of the Fund

76. Turbulence was experienced by the global financial markets in 2022, which had an impact on the investments of the Fund. As at 31 December 2022, the Fund was valued at $77.92 billion, a decrease of $13.56 billion from $91.48 billion as at 31 December 2021. The annualized nominal rate of return for the 50-year period ending 31 December 2022 was 8.04 per cent. This represented an annual real rate of return of 3.92 per cent, after adjustment for the United States consumer price index, which was above the long-term objective of 3.5 per cent. The 15-year annualized real rate of return was 2.18 per cent. The 15-year period included two major market downturns related to the global financial crisis and the global pandemic.

77. In relation to the relative return goals, as at 31 December 2022, the objective of outperforming the total policy benchmark return in the short run, defined as three years, was achieved by the Fund. A three-year annualized nominal return of 2.83 per cent was returned by the Fund, outperforming the benchmark return of 2.21 per cent. In 2022, the new strategic asset allocation and new benchmarks were successfully implemented by the Office of Investment Management.

78. The Office of Investment Management enhanced environmental, social and governance integration in its investment processes, with a particular focus on climate change, divesting investment in fossil fuels and contributing to the protection and restoration of biodiversity.

79. The Fund continued to identify opportunities to diversify its investments by asset class and geographical region, investing in 97 countries and regions. As requested by the General Assembly in its resolution 76/246, the Fund was exploring impact investing for part of the portfolio, leveraging its existing internal and external resources to develop an impact investing strategy, and will present its findings by the end of 2023.

80. In April 2023, the first trade of mortgage-backed securities on a "to be announced" basis was completed by Office of Investment Management, which successfully tested all internal and external systems and processes, as part of the new initiatives to use financial derivatives instruments to manage risk and improve efficiency. The other initiatives were well under way to be implemented by the Office, and General Assembly approval to use those instruments on a regular basis would be requested.

1. Presentation by the Chief Investment Officer

81. The Chief Investment Officer discussed the historical correlation between equities and bonds, highlighting the fact that during the global financial crisis in 2008, global equities declined by 41.8 per cent, while bonds returned a positive 4.8 per cent. In 2022, however, both equities and bonds declined simultaneously, owing to concerns over rising inflation caused by the pandemic recovery, disruption of global supply chains and geopolitics, resulting in one of the most significant downturns in history. The Chief Investment Officer discussed the Fund's asset allocation, which is maintained close to the strategic asset allocation during high market volatility and low visibility, and the need to monitor the impacts of recent interest rate hikes carefully. The Fund is performing well, outperforming the policy benchmark by 0.8 per cent in the past year as at 31 December 2022 and 0.6 per cent annualized in the past three years. The Chief Investment Officer said that, in the long term, the nominal value of the Fund had been growing over the years, with the Fund value currently recovering sharply at $85.5 billion.

82. He noted that all public markets, including equities, fixed-income and cash, had outperformed the benchmark in the last 12 months and in the year 2023 to date. Private equity also performed significantly above the benchmark in the past one and three years as at 31 December 2022. Its strong performance played a pivotal role in mitigating the underperformance of real estate and real assets. Furthermore, the total Fund outperformed the benchmark in calendar years 2021 and 2022.

83. He noted that the new strategic asset allocation based on the asset and liability management study presented during the meeting would help in reducing the volatility of the Fund, while keeping the investment return target that factors in the liabilities of the Fund.

84. In response to a request for comment from a representative of the participants group regarding private equity performance, the Chief Investment Officer stated that the outperformance of private equity was due to the quality of the managers selected and that the Office of Investment Management had been fortunate to have access to top-tier private equity managers. He also noted that the private equity benchmark was based on a public equity index and tended to move differently in the short term.

85. Regarding impact investing, as raised by the General Assembly, the team was exploring investment opportunities across all asset classes. The Chief Investment Officer expected to have some recommendations for private markets by the end of the year. He added that there were a limited number of qualified managers who could provide comprehensive and objective performance indicators on impact investing.

86. **The Board thanked the Chief Investment Officer for his report and the Office of Investment Management for its work and took note of the information provided.**

2. Comments by the Chair of the Investments Committee

87. The Chair of the Investments Committee expressed his deep appreciation for the opportunity for the Committee to meet with the entire Board and discuss key issues related to the Fund's investments. He reminded the Board that one of the key roles of the Investments Committee was to provide expert advice in its advisory capacity to the Representative of the Secretary-General and the Office of Investment Management on investment policy.

88. Despite the challenging economic climate of the past few years, the Investments Committee had remained extremely active in its monthly meetings with the Office of Investment Management, during which they had been able to closely monitor the performance of the Fund's investments and make necessary adjustments.

89. He explained the key differences between the Fund and similar funds, specifically its dual mandate to achieve a 3.5 per cent real rate of return and to outpace its institutional benchmark. He noted that as at 30 June 2023, 10-year returns were 6.61 per cent nominal or 3.8 per cent real, which comfortably exceeded the 3.5 per cent hurdle. He then discussed the impact of the Coronavirus disease (COVID-19) pandemic on the market and performance and recent market valuations. He pointed out that recent gains had been concentrated in leading technology names.

90. He acknowledged that the current period of economic stimulus and normalization could be challenging, given the recent period of inflation and supply chain disruptions. He stressed the importance of focusing on potential inflation upticks, while not chasing yields, as well as being well-distributed in safer large-cap names. He also emphasized the need to have best-in-class staff for each asset category that the Fund embarked upon.

91. He assured the Board that the investment team, the Representative of the Secretary-General and members of the Investments Committee were also focused on the risks. He added that the team had been upgraded consistently, including with respect to its benchmark, analytical tools and risk management. He stated that the over $85 billion in assets under management, as well as outperformance from the benchmark throughout the pandemic and the financial crisis, confirm that the Fund was in good hands.

92. **The Board expressed its appreciation to the Chair of the Investments Committee for the comprehensive presentation and for the hard work of the Investments Committee over the past year.**

B. Updated investment policy statement

93. During the meeting, the Representative of the Secretary-General referred to article 19 (a) of the Regulations of the Fund and reminded the Board members of the importance of the investment policy statement. The investment policy statement contains the investment policy and is a means for the Pension Board to provide observations and suggestions. He emphasized that the investment policy statement was a living document and therefore would require regular updates as deemed necessary.

94. The Board was informed that the updated statement was based on the results of the 2023 asset and liability management study. The consultant proposed two options, and option A was chosen because it had the same expected return with less risk and fewer asset classes. Moreover, it would be more pragmatic to select option A, as it mostly leveraged current existing capabilities. In addition, once a target was set, there would be ranges within which to move from a tactical perspective at different points in time. The expected real rate of return for the next 10 years was 3.5 per cent. The Representative of the Secretary-General stated that the Committee of Actuaries would consider the results of the asset and liability management study, along with other data, to determine which real rate of return and inflation rate to use in the next actuarial valuation.

95. The Representative of the Secretary-General emphasized the importance of focusing on forward-looking expectations rather than past performance. According to the results of the asset and liability management study, the 10-year expected return was projected to be 3.5 per cent. However, this number dropped to 3.3 per cent from 3.4 per cent for a 30-year period. The greatest risk was the net zero financial crisis scenario, and if that scenario were to materialize, the expected return might decrease from 3.5 per cent in the next 10 years to as low as 2 per cent, with limited ability to react. He concluded by saying that it was important to remain vigilant.

96. In response to a question from the Board as to what concerns the Representative of the Secretary-General might have about the net zero financial crisis scenario, the Representative of the Secretary-General explained that the $2 billion divestment from the portfolio was in companies that produced fossil fuels that were not transitioning to net zero. Those holdings accounted for 2.5 per cent of the portfolio, which facilitated the decrease of carbon emissions in the portfolio by 40 per cent. However, the remaining 60 per cent of the portfolio's carbon emissions were distributed across the rest of the other holdings, including cement and car companies, mortgages and others.

97. He emphasized that if the world did not move quickly enough towards net zero, it could impact all industries globally. Policymakers may take action to curb or ban emissions, which could affect industries in which the portfolio was already invested, leading to disruptions in certain industries and geographical areas that could impact the portfolio.

98. He stressed the importance of addressing those concerns to ensure the sustainability and success of the portfolio.

99. **The Board took note of the updated investment policy statement.**

C. Membership of the Investments Committee

100. In accordance with article 20 of the Regulations of the Fund, the Representative of the Secretary-General informed the Board of the intention of the Secretary-General to take the following action in relation to the Investment Committee:

(a) Reappoint Yasir O. Al-Rumayyan (Saudi Arabia/Asia Pacific States), Sarah Omotunde Alade (Nigeria/African States), Natalia Khanjenkova (Russian Federation/Eastern European States) and Patricia Parise (Argentina/Latin American and Caribbean States) as regular members, each for a three-year term commencing 1 January 2024;

(b) Appoint Shan Li (China/Asia-Pacific States) as a regular member for a three-year term, commencing 1 January 2024. The intention is for Mr. Li to replace Simon Jiang (China), whose term limit of 15 years will expire on 31 December 2023. The addition of Mr. Li to the Committee would mean no change to the gender or geographical representation in the Committee. Mr. Li would enhance the expertise of the Investments Committee in the area of private markets;

(c) Reappoint Macky Tall (Mali/African States) as an ad hoc member for a one-year term commencing 1 January 2024.

101. The Board was pleased to note that with these appointments, all five geographical groups would be represented on the Committee. The Board thanked Mr. Jiang for his service to the Fund.

102. **The Board took note of the Secretary-General's proposals for the appointment of Investments Committee members.**

D. Progress report on risk management

103. The Director for Risk and Compliance in the Office of Investment Management presented a proposal for an Integrated Risk Management Unit that would cover both the Pension Administration and the Office of Investment Management. The long-term vision for the Unit was to achieve long-term sustainability of the Fund while minimizing risk through a more dynamic, action-oriented risk management approach, instead of just verification. The plan included the reinforcement of the risk culture across the Fund and a strengthened three-lines-of-defence model, together with a review of the roles and responsibilities of the first and second lines of defence. It also involved a balanced view of risks in both the financial and the non-financial areas of the Office of Investment Management and the Pension Administration, as well as holistic financial risk management of both the asset and the liability sides of the Fund. The plan also included a detailed qualitative risk appetite statement for each major risk category, a unified risk map covering all major risks for the Fund, quantitative key risk indicators for every major risk category, revised risk ratings based on key risk indicators and a control assessment, and a unified risk committee for exception-based review of key risk indicators.

E. Implementation of the information and communications technology strategy

104. At the sixty-seventh session of the Board, in 2020, the Representative of the Secretary-General presented an update on the ICT strategy for the Office of Investment Management. Updates were presented to the Board for 2022 on the progress of the implementation of ICT strategy and the status of implementation of the recommendations of the Office of Investment Management on the target operating model, as well as on how the Office had continued to weather the impact of the COVID-19 pandemic as it moved to a hybrid working environment. The ICT strategy is intended to support the needs of the Office over the long term and to ensure that it can meet its commitments to its stakeholders through the effective management of the assets of the Fund. The Office continued to implement enhancements to its ICT infrastructure and new applications to better support the Fund's investment activities, as the Fund continued to grow in terms of both size and complexity. In 2022, the Office moved to a hybrid working environment, and a number of new staff members were recruited. There was a need for a scalable infrastructure and for greater support from the Service Desk team. In 2022, a post-implementation review of the original target operating model was conducted by the Office. A new target operating model study will be launched in 2023 to ensure that the ICT strategy remains aligned to the needs of the organization based on the current market environment and to come up with a new set of recommendations to ensure that the Office can continue to meet its commitment to participants into the future.

VI. Asset and liability management

A. Report on the asset and liability management study

105. The Board considered the report of the 2023 asset and liability management study, which is carried out by the Fund every four years. The study is managed jointly by the Pension Administration and the Office of Investment Management through a working group, with the Chair of the working group rotating between the two functions. For the 2023 study, the Chair was the Chief of the Data Analysis Unit in the Pension Administration. Following a rigorous procurement process, Ortec Finance was selected as the independent consultant to carry out the study.

106. In addition to working with the Pension Administration and the Office of Investment Management, the consultant worked with the Investments Committee, the Representative of the Secretary-General, the Committee of Actuaries, the consulting actuary and the Fund Solvency and Assets and Liabilities Monitoring Committee to develop, deliver and review the final outputs of the study. The study was carried out over a six-month period.

107. The goals of the study were:

(a) To assess the impact of key investment strategies;

(b) To understand the impact of solvency-related decisions on the long-term sustainability and performance of the Fund;

(c) To recommend long-term strategic asset allocation(s) that would optimize the Fund's asset return in the context of its liability, risk appetite and risk budget.

108. The representative of the consultant outlined to the Board the approach taken in the study. A stochastic model was used, which applied probabilities to different variables and ran the projections 2,000 times to provide a distribution of potential

future outcomes. Unlike the biennial valuation, where there is usually a single result for a given set of assumptions, the stochastic approach leads to a range of results as a statistical distribution. This technique was particularly useful when analysing future asset behaviour.

109. The consultant informed the Board that a stochastic model provided insights with respect to the process of formulating, revising and monitoring decisions in a changing environment and helped to communicate the consequences to stakeholders. The steps undertaken in the asset and liability management process included developing the capital market assumptions and establishing appropriate actuarial assumptions; evaluating the current status by applying those assumptions to the asset liability model; analysing the asset allocation; and carrying out sensitivity analysis and stress testing.

110. The liabilities modelled as part of the study utilized the Fund's own census data and the actuarial assumptions from the 31 December 2021 actuarial valuation. An important first step was for the consultant to match the Fund's liability projections prepared by the consulting actuary for the last actuarial valuation (31 December 2021). Liabilities were modelled member-by-member on an open group basis; that is, allowing for future participants and contributions in perpetuity. As one of the more complex elements of the Fund's plan design, the two-track system was also modelled as part of the liabilities. The liability projections then provided a vital foundation for the modelling required in the study.

111. For the assets, the long-term capital market assumptions were developed by the consultant, working with the Office of Investment Management. The capital market assumptions were endorsed by the Investments Committee as part of the establishment of the assumptions. The Board was informed that the consultant had developed three primary scenarios, each with their own set of capital market assumptions, as follows:

(a) The consultant (Ortec Finance) scenario: a baseline neutral scenario with moderate growth outlook;

(b) The net zero financial crisis scenario: disruption in the financial markets arising from portfolios seeking to align with the Paris Agreement goals followed by stranded assets and sentiment shock;

(c) The positive scenario: a more optimistic outlook.

112. While developing the capital market assumptions under the above scenarios, the consultant also considered additional scenarios to reflect various levels of climate risk and, separately, economic stress scenarios (such as stagflation).

113. Utilizing the Fund's current strategic asset allocation, the consultant modelled the assets under the scenarios listed above and, together with the projected liabilities, evaluated the current status of the Fund. This included projecting the future required contribution rates as the key metric for understanding the Fund's future solvency position. The Board was reminded that the modelling from the previous study (in 2019) had found that the median required contribution rate decreased in future years; that is, in the absence of any changes, the projected solvency of the Fund was expected to improve over the long term. However, a key finding from this most recent study was that the median required contribution rate was expected to be broadly flat when projected into the future. It was noted that there were significant differences in the current economic climate compared with 2019.

114. It was also noted that under the consultant scenario, the median required contribution rate was projected to remain within the 2 per cent corridor as the funding target. The Board was informed, however, that, while the median results remained

within the corridor, the majority of simulations broke out of it (up or down), although the model was based on an assumption that all policies remained the same for the next 30 years, when the reality is that the Fund would take action (for example, through different asset allocations). The uncertainty was driven by inflation (liabilities) and investment volatility, and the Board noted that the net zero financial crisis scenario would result in a higher median required contribution rate (i.e. a diminished projected solvency position).

115. Following the initial analysis of the current status of the Fund, the consultant then considered asset optimizations, sensitivity analyses and qualitative assessments to study alternative strategic asset allocations for the Fund, noting the Fund's goal of preserving long-term sustainability while minimizing risk. A comparison of the current (2021) strategic asset allocation and two proposals for a future strategic asset allocation was shared with the Board and is presented in table 3 below.

Table 3
Current and proposed strategic asset allocations
(Percentage)

	2021	*2023 proposal A*	*2023 proposal B*
Equity and private assets	**69.0**	**60.0**	**66.0**
Global public equities	53.0	43.0	46.0
Developed markets equities	46.9	35.0	38.0
Emerging markets equities	6.1	8.0	8.0
Private equities	7.0	7.0	9.0
Real assets	9.0	10.0	11.0
Real estate	8.0	8.5	8.0
Infrastructure	1.0	1.5	2.0
Timberland and farmland	–	–	1.0
Private debt	–	–	–
Fixed income and cash	**31.0**	**40.0**	**34.0**
Fixed income	29.0	39.0	33.0
United States core bonds	28.0	35.0	28.5
Securitized	8.3	10.0	8.5
Treasury	13.0	14.0	13.3
Corporate	5.9	10.0	6.0
Government-related	0.8	1.0	0.8
Non-core bonds	1.0	4.0	4.5
United States high-yield	–	2.0	2.5
Emerging market debt local currency	1.0	2.0	2.0
Cash and equivalents	2.0	1.0	1.0

116. The Consultant stated that proposals A and B both increased return and decreased risk. The differences between the proposals were relevant but small in absolute terms. While optimizations had been run on multiple horizons, the focus of the proposals was on the 10-year horizon. The consultant stated that proposal A, with a larger exposure to fixed income, worked especially well in the current interest rate environment. However, in the long-term, it might be challenging to rely on fixed-income returns, depending on interest rate movements. Proposal B, with a more modest increase in fixed income, was more suitable when rates and spreads compressed.

117. The consultant also considered the impact of hedging non-dollar developed markets currency risk and found that a suitable hedge might decrease risk and increase expected return. However, some of the gains might be eroded by the management cost associated with hedging and that would be a consideration for the Office of Investment Management in adopting a currency hedging strategy. In the study, the consultant also considered the Fund's exposure to emerging market debt local currency and highlighted that the key risk driver of emerging market debt was political risk. The nature of such risk is therefore different than the currency risk between developed market currencies and the dollar. The consultant's conclusion was that, because of the interest rate differential between emerging markets and developed markets, it was still favourable to keep the currency risk open.

118. Bringing together the capital market assumptions, strategic asset allocations and liabilities, the consultant then shared with the Board the projected outcome for the Fund under the three scenarios described in paragraph 111 above and the three sets of asset allocations in table 3 above. The Board noted the following key points:

(a) Under the baseline scenario over 10 years, asset allocations A and B may be able to achieve a 3.5 per cent real rate of return, while the current strategic asset allocation was found to deliver a lower return of 3.4 per cent and with more risk. However, if the world moves more towards a net zero financial crisis, expected returns would be significantly below that level and with a higher risk;

(b) Within a 10-year time frame, the consultant's analysis suggests that the Fund could remain within the 2 per cent corridor for its funding target under the baseline scenario, but a net zero financial crisis scenario would lead to a much higher required contribution rate, outside the current funding target;

(c) Results projected to 30 years showed a projected real rate of return below 3.5 per cent for all asset allocations under the baseline scenario, although still within the 2 per cent funding target.

119. It was noted that the Committee of Actuaries, the Investments Committee, the Representative of the Secretary-General, the Office of Investment Management and the Fund Solvency and Assets and Liabilities Monitoring Committee had all considered the results of the study in detail and had incorporated the findings in their own deliberations, some of which were part of their reports to the Board at its seventy-fifth session.

120. A representative of the governing bodies asked the consultant which indicators could be used to monitor whether a net zero financial crisis scenario might materialize. The consultant responded that four climate risk pathways had been analysed and an overview had been included in the study report. The main indicators were related to average global temperatures as well as transition risk factors.

121. The representative also asked what made proposals A and B more favourable. The consultant highlighted an analysis that suggested that proposals A and B had broadly similar expected real rates of return, but there was a lower level of risk with proposal A driven by a slightly lower proportion of public equities.

122. Another representative of the governing bodies asked how the findings of the study would be utilized in any rebalancing activities by the Fund. The Representative of the Secretary-General informed the Board that the study proposed bandwidths for the strategic asset allocation, with the more short-term tactical asset allocation used at the discretion of the Office of Investment Management to manage any drift from the strategic asset allocation.

123. **The Board thanked the consultant for the comprehensive study and noted the key findings.**

B. Report of the Fund Solvency and Assets and Liabilities Monitoring Committee

124. The Chair of the Fund Solvency and Assets and Liabilities Monitoring Committee introduced the tenth report of the Committee to the Board. The Board was informed that the Committee had met four times since the July 2022 Board session. During its meetings, the Committee had received information from the Chief Executive of Pension Administration, the Representative of the Secretary-General, representatives of the Committee of Actuaries and the Investments Committee, and the Consulting Actuary.

125. The Chair of the Committee noted that 2022 had been a challenging year for the investments of the Fund owing to the turbulence in the global financial markets. The market value of assets declined to close to $77.9 billion as at 31 December 2022, a decrease of almost $13.6 billion from $91.5 billion as at 31 December 2021. By mid-June 2023, the value of the assets under management was approximately $84.6 billion. The annualized real returns fell short of the 3.5 per cent real rate of return for time periods of 15 years or less, while the annualized real returns for periods of 20 years or more exceeded the 3.5 per cent benchmark.

126. The Chair reported that the Committee had been consulted on the development of the statement of work for the fifth asset and liability management study, conducted in 2023, and on the assumptions used for the study. The Committee had also reviewed and provided comments on the preliminary and final study results. The Committee noted that the most optimal risk-reward projections indicated that the likelihood of obtaining a 3.5 per cent real rate of return was becoming more challenging in the light of the economic outlook.

127. The Board was informed that the Committee had discussed with representatives of the Committee of Actuaries and the consulting actuary the valuation methodology and assumptions for the actuarial valuation of the Fund as at 31 December 2023. At the suggestion of the Committee, the consulting actuary provided an update on mortality and disability trends. While close monitoring of mortality patterns in the next few years was recommended, the Committee reported that it had agreed that no change in the proposed mortality improvement scale should be made for the next actuarial valuation. The Committee also discussed with representatives of the Committee of Actuaries and the consulting actuary the key results of the risk quantification study.

128. **The Board considered the report of the Committee, acknowledged the Committee's valuable work and requested it to consult with the Chief Executive and the Representative of the Secretary-General and to submit a new report in February 2024 with advice and recommendations for consideration by the Board in line with the Committee's terms of reference, taking into account feedback provided by the Pension Administration and the Office of Investment Management.**

C. Funding policy

129. At its sixty-sixth session, the Board concurred with a recommendation by the then Assets and Liabilities Monitoring Committee, as suggested by the Committee of Actuaries, that a funding policy be developed to document the Fund's funding and risk management process. It was noted that such a written policy would improve transparency in communications and stakeholders' understanding of the key issues affecting the funding and solvency of the Fund.

130. The Board recalled that, at its seventy-second session, it approved the following funding policy principles:

(a) Maintain long-term solvency within the risk appetite set by the Board. The risk tolerance is aimed at a required contribution rate within a corridor of the actual contribution rate (open group basis); and a minimum accrued benefit funded ratio, including future cost-of-living improvements (closed group and termination basis). The specific corridor and funded ratio targets are set by the Board and would be outlined in an annex to the policy;

(b) A trend towards equitable generational funding, with the funding policy mindful of distortions in future generational funding;

(c) Monitor short- and long-term cash flow needs for administrative and investment purposes.

131. Following subsequent discussions with the Fund Solvency and Assets and Liabilities Monitoring Committee and the Committee of Actuaries, a funding policy was developed and presented to the Board for approval. The Board concurred with the conclusion of the Committee of Actuaries of the appropriateness of the primary funding target: to maintain the required contribution rate within a range of 21.7 per cent to 25.7 per cent of pensionable remuneration. The Board also noted the endorsement by the Committee of Actuaries and the Fund Solvency and Assets and Liabilities Monitoring Committee of the funding policy.

132. **The Board approved the funding policy as presented in the note by the Chief Executive of Pension Administration and decided that the funding policy would be reviewed in 24 months.**

VII. Governance matters

A. Status of requests of the General Assembly

133. Governance matters have remained high on the agendas of both the Board and the General Assembly. In its resolution 77/258, the Assembly welcomed the continued implementation by the Board of the governance reform plan, as adopted by the Board and endorsed by the Assembly in 2021. The Assembly also acknowledged that the governance reform plan had started to contribute to improving efficiency and effective decision-making of the Board. It will be recalled that the Board had approved a governance reform plan following the conclusions of its (special) session in February 2021 and the relevant guidance and resolutions from the General Assembly, including on the size and composition of the Board, the establishment of an ethics policy that would implement its code of conduct and the updating of the terms of reference for the Chair and the responsibilities of Board members. The governance reform plan also established a framework for the frequency of meetings, and an annual Board cycle was developed. The Board now holds annual virtual meetings in February and April, which focus on organizational and preparatory matters relating to the plan design and updating of the Regulations of the Fund. The two virtual sessions are followed by one in-person/hybrid Board session in July, at which all important and critical issues under its purview are considered.

134. **The Board, recalling the previous recommendations of the General Assembly concerning the governance of the Board and the 2021 decision of the Board to conduct a full review of all adopted reform proposals in July 2025, requested the Secretary to prepare a document for the February 2024 Board session summarizing the experience of the Board in governance reform. The Board also agreed to consider at its February 2024 session the terms of reference for and establishment of a governance working group that would be requested to present its recommendations to the Board by no later than at its July 2025 session.**

B. Update by the Plan Review Group

135. At its seventieth session, in February 2022, the Board decided to establish the Plan Review Group and approved its terms of reference in April 2022 at its seventy-first session. The Group presented a progress report to the Board at its seventy-second session, in July 2022, as well as an oral report to the Board at its seventy-third session, in February 2023. The Group met 13 times between July 2022 and June 2023.

136. The Group has completed a preliminary review of eight outstanding proposals arising from the work of the 2008–2010 Working Group on Plan Design, including two proposals that have already been approved in principle by the General Assembly in its resolution 57/286, but have not yet been implemented; proposals related to reversing the economy measures of the 1980s; and numerous proposals raised by staff pension committees. The Group decided to further consider proposals related to: (a) the elimination of the remaining 0.5 per cent reduction in the first cost-of-living adjustment due after retirement; (b) cost-of-living adjustments to be applied to deferred retirement benefits as from age 50; (c) automatic restoration of deferred retirement benefits; (d) removal of the cap on benefits for participants at the Under-Secretary-General and Assistant Secretary-General levels; and (e) review of the amount of the child/orphan benefit.

137. Going forward, the Group will carefully consider the next actuarial valuation, the trend of recent actuarial valuations and the view of the Committee of Actuaries, to decide whether the financial situation would allow it to recommend implementation of the two proposals that have been approved by the General Assembly and are pending implementation, as well as the other remaining proposals. The Group will also consider the proposals for simplification of the Fund's Regulations and Rules submitted to it by the Pension Administration.

138. **The Board thanked the Plan Review Group for its work to date and took note of its progress report.**

C. Report of the Ethics Policy Review Group

139. At its sixty-ninth session, in 2021, the Board approved its ethics policy and the appointment of an Ethics Adviser. The ethics policy was submitted to the General Assembly as part of the Board's report on its sixty-ninth session (A/76/297). The Assembly, in paragraph 13 of section XIII of its resolution 76/246, requested the Board, in consultation with the Ethics Adviser, to revise and adjust the policy and to provide further analysis and clarification in its next report. At its seventy-second session, in July 2022, the Board decided that it would provide outcomes thereon to the Assembly at its seventy-eighth session. The decision was endorsed by the Assembly at paragraph 10 of its resolution 77/258.

140. The Board established the Ethics Policy Review Group at its seventy-third session, in February 2023, to review the ethics policy and the report of the former Ethics Adviser and to make proposals for the Board's consideration. The Review Group is reviewing the existing policy and awaits the engagement of the Ethics Adviser.

141. **The Board took note of the update of the Ethics Policy Review Group.**

D. Report of the Succession Planning and Evaluation Committee

142. In a closed session, the Board met two candidates, by virtual means, who had applied to the position of Ethics Adviser to the Board. The Board unanimously agreed

to engage Godfred Penn (Cameroon) as Ethics Adviser to the Board under a one-year consultancy contract.

143. **The Board thanked the members of the Succession Planning and Evaluation Committee for their work on this exercise.**

E. Representation on the Board of new member organizations and application for membership in the United Nations Joint Staff Pension Fund by the International Cocoa Organization, the International Renewable Energy Agency and the Organisation for the Prohibition of Chemical Weapons

144. At the request of the Board at its seventy-first session, in April 2022, the Chief Executive of Pension Administration undertook a review of how member organizations are currently accommodated on the Board and of the principles by which the Board could consider accommodating new entrants into the Fund in the future. After outlining the history of how the Board had accepted new entrants into the Fund, the Chief Executive noted that the Board had adopted principles over the years on the size and composition of the Board.

145. The Chief Executive of Pension Administration informed the Board that the Organisation for the Prohibition of Chemical Weapons had submitted an expression of interest to join the Fund. Similar expressions of interest from the International Cocoa Organization and the International Renewable Energy Agency had been reported to the Board at its seventy-second session, in July 2022.

146. **The Board took note of the report on representation on the Board for new member organizations, and:**

(a) **Welcomed the information contained therein, as it provided solid background information;**

(b) **Agreed to establish an ad hoc working group that would be tasked with further defining and elaborating the criteria by which the Board could consider admitting new entrants into the Fund in the future, and requested that the ad hoc working group report to the Board in this regard at its next session, scheduled for February 2024;**

(c) **Agreed that, in the interim, the Fund may continue to undertake a preliminary analysis of expressions of interest from potential new member organizations as may be required.**

F. Performance evaluation of the Chief Executive of Pension Administration

147. At its sixty-ninth session, the Board approved the process and report template for the performance evaluation of the Chief Executive of Pension Administration, who reports to the Chair of the Pension Board.

148. Following a self-evaluation by the Chief Executive of Pension Administration, the Chair of the Pension Board completed the performance evaluation and submitted a report to the Board.

149. **In closed session, the Board took note of the report of the Chair of the Pension Board on the performance evaluation of the Chief Executive of Pension Administration for the period from January 2022 to June 2023 and endorsed the recommendation of the Succession Planning and Evaluation Committee to defer**

its review of the evaluation process until at least two evaluation cycles had been completed, that is, at its session in July 2024.

VIII. Benefit system

A. Changes in the Regulations, Rules and Pension Adjustment System of the Fund

150. **As set out in paragraphs 203–205 below, the Board decided to recommend that the General Assembly approve an amendment to article 15 (b) of the Regulations of the Fund to codify the annual budget cycle (see annex III). The Board approved related amendments to financial rules E.1, E.5 and E.6 of the Financial Rules of the Fund (see annex IV). The Board did not approve the proposed change to financial rule C.11 (a).**

151. The Board previously approved, at its seventy-fourth session, in April 2023, amendments to administrative rule F.7 and the introduction of a new administrative rule F.10 for the purpose of clarity and certainty in administering the restoration of deferred retirement benefits under article 24 bis of the Regulations (see annex IV).

B. Framework for spousal benefits under articles 34 and 35 of the Regulations

152. In its resolution 77/258, the General Assembly requested the Board "to provide, without prejudice to national law, the requisite framework for extension of the guidelines to allow retrospective recognition of beneficiaries arising from marriages, in cases where changes under national legislation occurred after the time of the former participants' separation from service and they separated prior to the adoption of the revised guidelines in 2016, as appropriate, and to report thereon in the context of the next report".

153. The Board was informed that, on the basis of an estimate of 50 beneficiaries who may have spouses who could become eligible for a benefit under the proposed framework, the actuarial impact on the theoretical required contribution rate was approximately 0.0008 per cent of pensionable remuneration at the current time.

154. The governing bodies noted that the Board had an opportunity, at the seventy-fifth session, to correct this injustice and ensure that all staff members were treated equally, and called on the Board to act in accordance with the resolution adopted by the General Assembly.

155. The governing bodies noted that the Pension Administration had identified approximately 50 beneficiaries who had separated before 2017 and who might have spouses who could become eligible for a benefit under the proposed framework. The consulting actuary has considered the potential cost to the Fund and noted that it would have a minimal impact on pensionable remuneration. Based on the calculations of the consulting actuary, the actuarial impact on the required contribution rate would be less than approximately 0.0008 per cent of pensionable remuneration. If the number of beneficiaries were to increase to 100, the actuarial cost would be approximately 0.0016 percent of pensionable remuneration. In either scenario, the impact would not be sufficient to require any change to contributions.

156. The governing bodies pointed out that in 2020 the United Nations Appeals Tribunal had considered a case in which a retiree requested that his spouse be recognized as his prospective survivor for the purposes of articles 34 and 35 of the

Fund's Regulations. In its judgment, the Tribunal expressed sympathy with the retiree's "predicament and the injustice to him and to his spouse of discriminatory and outdated rules having significant financial effects on a long-serving and loyal servant of the United Nations".[1]

157. The executive heads and participants representatives:

(a) Noted that article 50 of the Regulations of the Fund provides that, "no provision shall be construed as applying retroactively to participants in the Fund prior to the date of its entry into effect, unless expressly stated therein or specifically amended to such effect by the General Assembly with due regard to the provisions of article 49";[2]

(b) Noted that the General Assembly expressly requested the Board to provide the Assembly, through this session's report, with the framework for the extension of the guidelines to determine eligibility for spousal benefits under articles 34 and 35 of the Regulations (Rev.1) to allow retrospective recognition of beneficiaries arising from marriages, in cases where changes under national legislation occurred after the time of the former participants' separation from service and they separated prior to the adoption of the revised guidelines in 2016, and to report thereon to the Assembly (see resolution 77/258, para. 23);

(c) Noted that, consistent with article 50 of the Regulations of the Fund, the executive heads and participants representatives were of the view that the most appropriate way to memorialize the retrospective recognition of spousal benefits under articles 34 and 35 of the Regulations was to reflect the change at the level of the Regulations, for the sake of legal certainty and to minimize legal risk;

(d) Understood, however, that the General Assembly had addressed its mind to the legal framework of the Fund, including the provisions of articles 49 and 50 of the Regulations and, nevertheless, had decided that the Board shall, by virtue of operative paragraph 23 of resolution 77/258, implement the retrospective application of the above-mentioned spousal benefits through the guidelines, rather than by amending the Regulations of the Fund. This is essentially an enhanced benefit;

(e) In execution of their fiduciary duties, felt compelled to highlight that to proceed in this manner may give rise to unquantifiable legal risks arising out of the decision of the General Assembly to: (i) implement the enhanced benefit based on guidelines rather than through amendments to the Regulations of the Fund; and (ii) limit the scope of the enhanced benefit to marriage only. In connection with (ii),

---

[1] United Nations Appeals Tribunal, *Oglesby v. United Nations Joint Staff Pension Board*, Judgment No. 2020-UNAT-996, para. 16.

[2] Articles 49 and 50 of the Regulations of the Fund read as follows:

Article 49
Amendment

(a) The Board may recommend amendments to these Regulations to the General Assembly, which may amend these Regulations after consultation with the Board.

(b) The Regulations so amended shall enter into force as from the date specified by the General Assembly but without prejudice to rights to benefits acquired through contributory service prior to that date.

Article 50
Entry into force of the provisions or their amendment

No provision shall be construed as applying retroactively to participants in the Fund prior to the date of its entry into effect, unless expressly stated therein or specifically amended to such effect by the General Assembly with due regard to the provisions of article 49.

claims could conceivably be made that such an enhanced benefit should cover other types of unions (see para. 158 (a) (v) below);

(f) Understood that implementation of the retrospective recognition of the benefit will have financial implications and, moreover, impose a financial burden on existing and future participants. In that context, the executive heads and participants representatives noted that the consulting actuary had estimated the cost of this enhanced benefit to be 0.0008 per cent of pensionable remuneration, based on the assumption that there would be no more than 50 cases to be addressed. However, the executive heads and participants representatives noted that the number of potential cases was unknown;

(g) Recalled General Assembly resolutions 57/286 (sect. I, para. 4, and sect. II, para. 2) and 59/269 (sect. II, para. 5);

(h) Recommended that the approved framework be expressly incorporated into the Regulations of the Fund in accordance with article 50 of those Regulations, at the earliest opportunity, to minimize legal risk and provide for legal certainty.

158. **The Board decided as follows**:

(a) **The Fund will retrospectively recognize, for the purposes of payment of survivor benefits under articles 34 and 35 of the Regulations of the Fund, spouses whom the former participant was in a relationship with at the time of separation from service and subsequently married, provided that all of the following conditions are met:**

(i) **The former participant separated from service no later than 31 August 2016;**[3]

(ii) **At the time of separation from service, the former participant was reported to the Fund as single, but was in a relationship with his or her partner;**

(iii) **At the time of separation from service, the former participant could not legally marry the partner under the laws of the participant's country of nationality;**

(iv) **The laws of the former participant's country of nationality were amended after the former participant's separation from service, thereby permitting the former participant and the partner to marry;**

(v) **The former participant and the partner married after the change in national law, and such marriage was entered into no later than 31 December 2022. In accordance with General Assembly resolution 77/258, only marriages will be accepted for this purpose; other types of unions (including common law unions, stable unions, etc.) will not be accepted, even if they are legally equivalent to marriage in the jurisdiction where they were entered into;**

(b) **The existence of the relationship at the time of the former participant's separation from service must be established to the satisfaction of the Chief Executive of Pension Administration through documentary evidence, which must normally include sworn affidavits from both partners attesting to the existence of the relationship at the time of the former participant's separation from service and at least two of the following:**

[3] The 2016 guidelines were implemented with effect from 1 September 2016.

(i) **Affidavits from family members/friends attesting to the existence of the relationship at the time of the former participant's separation from service;**

(ii) **Historical bank statements, loan documents or similar documentation showing a blending of finances prior to the former participant's separation from service;**

(iii) **Evidence of having maintained a shared household (mortgage statements, contracts of purchase and sale or bills/invoices) prior to the former participant's separation from service;**

(iv) **Evidence of having jointly raised a child or children prior to the former participant's separation from service;**

(v) **Documentary records on file with the Fund dating prior to the former participant's separation from service wherein the participant has named the spouse as a family member/beneficiary (e.g. a United Nations P.2 form, a Pension Fund Pens.A/2 form or personnel action).**

(c) **It is the responsibility of the former participant/retiree to request the Fund to recognize the spouse as a prospective survivor under this framework. In the case of a deceased former participant, the surviving spouse may make the request to the Fund, provided that the conditions set out herein are met, save for the requirement to provide an affidavit from the former participant/retiree. In all cases, the request must be made by 31 December 2024;**

(d) **In the event that a former participant whose spouse meets all of the foregoing criteria had previously elected to purchase an annuity under article 35 ter for that spouse, the purchase of the annuity shall be cancelled and the related deductions made from the retiree's benefit shall be reimbursed to the former participant;**

(e) **It remains a requirement for payment of a benefit under articles 34 and 35 of the Regulations of the Fund that the former participant and the spouse remain married until the former participant's death;**

(f) **The Board confirms that, in the event that the parties divorce, there would not be an entitlement to a divorced surviving spouse's benefit under article 35 bis of the Regulations;**

(g) **The Board further confirms that the above-mentioned principles will be incorporated into the guidelines to determine eligibility for spousal benefits under articles 34 and 35 of the Regulations of the Fund (Rev.1), as requested by the General Assembly in paragraph 23 of its resolution 77/258.**

159. **The Board requested the Chief Executive to proceed, as soon as practicable, with updating the guidelines in accordance with the above-mentioned principles and to provide a report on their implementation at the July 2024 session.**

C. Application of paragraph 26 of the pension adjustment system

160. The pension adjustment system is designed to protect the purchasing power of periodic benefits payable by the Fund. It includes the two-track system as an optional feature to protect the purchasing power of beneficiaries in their own countries of residence. Under paragraph 26 of the pension adjustment system, the Chief Executive of Pension Administration has the authority to suspend a country from the two-track system with respect to future and current retirees and beneficiaries under certain conditions. This may occur when the local currency track would lead to aberrant

results, whereby there are wide fluctuations of two-track benefits across different benefit entitlement commencement dates. Countries may also be suspended from the two-track system when local currency track benefits cannot be calculated owing to missing consumer price index data or there is a change in the valuation of a currency. Paragraph 26 (a) stipulates that the Chief Executive must inform the Board as soon as feasible of any suspension of local currency track benefits.

161. The Board was informed that the Pension Administration had identified five countries exhibiting aberrant results with regard to two-track benefits payable across different benefit commencement dates. On that basis, the Chief Executive will be suspending the following countries from the local currency track effective 1 November 2023: Albania, Ethiopia, Nigeria, Samoa and Slovakia. The Board was also informed that the Chief Executive would be suspending the local currency track benefit in Tonga as of 1 November 2023, owing to the unavailability of consumer price index data for an extended period of time. It was agreed that, in the future reports to the Pension Board, a short explanation of the reasons for the suspension recommendation would be provided. The Pension Administration also agreed that, in the future, in addition to informing the affected beneficiaries, it would be valuable to inform the local retiree association, or where none yet exists, to inform FAFICS.

162. **The Board took note of the report on application of paragraph 26 of the pension adjustment system.**

D. Provisional payments

163. Starting in 2016, the Board considered various proposals for making provisional payments to former participants in cases of delays. At its sixty-ninth session, in July 2021, the Board decided to grant discretionary authority to the Chief Executive of Pension Administration to make provisional payments in cases lacking the full set of separation documents, where there were reasonable and appropriate grounds for financial hardship, in an amount not to exceed 50 per cent of the estimated monthly benefit. The United Nations Staff Pension Committee continued to monitor the process and reported thereon to the Board.

164. Between July 2021 and December 2022, a total of 15 cases were considered for possible provisional payment by the Chief Executive. In 14 cases, after follow-up by the Fund, the employing organization promptly submitted the separation notification, allowing regular calculation of the benefit and avoiding the need for a provisional payment. In the remaining case, there was an outstanding overpayment issue between the participant and the employing organization, which precluded the use of the provisional payment mechanism.

165. The United Nations Staff Pension Committee noted the efforts and the various initiatives undertaken by the Fund and the human resources and payroll offices of United Nations organizations to accelerate the submission of separation documents to the Fund, resulting in a significant reduction in overall time from separation to receipt of the first pension payment. The initiatives included an interactive business intelligence dashboard for better tracking and monitoring of cases with unsubmitted documents, the ongoing ePension project that would allow online completion and submission of payment instructions through the Fund’s member self-service portal and a web-based case management system (by UNDP). The Fund continued to meet its processing benchmark in 2022, with an average of 93.3 per cent of benefits paid within 15 days of receipt of all separation documents.

166. **The Board took note of the progress made by the Pension Administration and member organizations, as well as the ongoing initiatives to reduce the processing time for separation documents. The Board decided that no change**

should be made with respect to the authority provided by the Board to the Chief Executive to make provisional payments and that the Chief Executive should continue to have such discretionary authority, where reasonable and appropriate, to issue such payments in cases of financial hardship. The Board decided to continue to monitor the use of the provisional payment mechanism, to receive reports from the Chief Executive on the use of the mechanism on an annual basis and to review the Chief Executive's authority to issue provisional payments in three years.

IX. Administrative matters

A. Status report on the Emergency Fund

167. The Board was provided with a status report on the Emergency Fund, for information, for the period 1 January to 31 December 2022. The Emergency Fund, which is not an integral part of the pension benefit system, is financed from the assets of the Fund through an appropriation of $112,500 every year, as approved by the General Assembly.

168. In 2022, the total amount paid out of the Emergency Fund was $29,057, representing 31 disbursements. This was a decrease in value compared with 2021 ($52,234), but there were three more cases paid out than in the previous year (2021: 28 cases). There were a few cases submitted concerning relief for major natural disasters related to the earthquake and flooding in Haiti, but most Emergency Fund payments were made to assist with funeral or medical expenses.

169. Instructions and processes have been established to ensure prioritization and efficient processing of Emergency Fund requests. Applications can be submitted through the member self-service portal on the Fund's website. The Pension Administration is automatically notified of the request and an information letter is immediately sent by reply email that includes the details required to make a claim and a copy of the information booklet. The booklet is available in Arabic, English, French and Spanish. The Fund also continues to advertise the existence of the Emergency Fund on its website, in its pre-retirement seminars and in briefings held by the Fund on pension matters.

170. **The Board took note of the activities related to the Emergency Fund during 2022.**

B. Status of the information and communications technology systems and initiatives

171. The Chief Executive of Pension Administration provided an update on the status of ICT systems, operations and projects. The update included details on the Fund's Pension Administration ICT initiatives implemented in accordance with the CARE strategy, as approved by the Board and the General Assembly. In particular, the ICT initiatives included further enhancements of IPAS, business intelligence reporting and dashboards, the electronic transfer of documents, a new website for member organizations, ICT services, cybersecurity, the call centre, member self-service, data interfaces, the digital certificate of entitlement and the acquisition of a modern customer relationship management system. Additional details were provided about the significant progress made in the implementation of ICT-related decisions taken by the General Assembly and oversight recommendations.

172. **The Board took note of the report on the status of information and communications technology systems, operations and projects.**

X. Financial matters

A. Financial statements for the year ended 31 December 2022

173. The Board considered the financial statements of the Fund for the year ended 31 December 2022. The Board was informed that the financial statements presented a snapshot of the financial situation of the Fund as at 31 December 2022, using a presentation specific to pension funds and not comparable to other United Nations system organizations.

174. The Fund's Chief Financial Officer noted that the Board of Auditors report on the Fund for the year ended 31 December 2022 contained an unqualified audit opinion.

175. It was highlighted that the statement of net assets available for benefits presented investments valued at $77.4 billion as at 31 December 2022 and the value of the investments was significantly lower compared with 31 December 2021 ($89.9 billion). The decrease was mainly a result of the decline in the market value of public equity and fixed-income investments.

176. The statement of changes in net assets showed an investment loss of $13.5 billion for 2022, which resulted in an equivalent decrease in net assets available for benefits for 2022.

177. With regard to the information provided in the annexes to the financial statements, the Chief Financial Officer explained that the increase in the number of participants and benefits in payment, as well as the substantial increase in the number of benefits awarded, represented a catching up after the lower number of separations in the prior year, which was due to the impact of the COVID-19 pandemic and the increase in the mandatory age of separation.

178. All constituent groups thanked the Chief Financial Officer and his team for the increased level of transparency and clarity of the financial statements as well as for the usefulness of the information contained in the financial overview.

179. A representative of the governing bodies enquired about the 16 per cent reduction in administrative expenses and whether this was a trend for the future, and about the population of staff of the Fund that are entitled to after-service health insurance. The Chief Financial Officer clarified that the decline in administrative expenses was mainly attributable to a change in the discount rate used for the estimation of the after-service health insurance liability. He further noted that only the staff of the Fund are covered in the liability disclosed by the Fund. They are included in the after-service health care actuarial valuation and assumptions of the United Nations Secretariat. The Fund's share of the liability is separately reported to the Fund and reported in the Fund's financial statements.

180. A participants representative requested clarification about how the significant increase in the number of new participants, which rejuvenated the Fund, could be impacted if there were to be a large proportion of separations before five years among that subgroup and the potential impact on the solvency of the Fund. The Chief Financial Officer explained that the growth in participants, even if they eventually took a withdrawal settlement, contributed to the overall solvency of the Fund.

181. The participants group expressed appreciation for the additional disclosures in the financial statements and the accompanying documents, including the statement of internal control. The group commented on the Fund's business continuity management, given how effectively it had maintained uninterrupted operations on both sides of the Fund from the onset of the COVID-19 pandemic in early 2020. It

further noted that there had been a small net cash deficit in three of the past four years, and one small net cash surplus. This was unusual for a mature Fund. The group noted the high level of growth in participant numbers of 4.6 per cent in 2022.

182. The level of user-friendliness in the presentation of information was noted. The contribution of the Chief Financial Officer to the development of the new IPSAS 49 on retirement benefit plans, which is expected to be issued by the International Public Sector Accounting Standards Board, was appreciated by the Board.

183. FAFICS requested clarification regarding the population of beneficiaries covered in the 3.5 per cent ratio of two-track benefit payments and whether this was 3.5 per cent of the entire beneficiary population or 3.5 per cent of those who had elected the two-track system. The Chief Financial Officer explained that only 3.5 per cent of all benefits in payment as of December 2022 had been paid on a local currency track rate. In other words, 96.5 per cent of payments were made either on the dollar track or for the minimum dollar payment on the local track because this was the payable amount under the comparative feature of the two-track system.

184. **The Board took note of the unqualified audit opinion of the Board of Auditors and approved the financial statements for the year ended 31 December 2022 for presentation to the General Assembly.**

B. Budget estimates for the year 2024

185. The 2024 budget estimates originally proposed by the Fund amounted to $139,231,100 (before recosting), representing an increase of $12,947,700, or 10.3 per cent, compared with the appropriation for 2023. The budget submission was presented for: the Secretariat of the Pension Board ($1,286,600); the Pension Administration ($70,734,800); the Office of Investment Management ($64,997,700); and audit costs ($2,212,000). In addition, the estimates provide for an amount not to exceed $112,500 for the Emergency Fund.

1. Secretariat of the Pension Board

186. The proposed budget for 2024 for the Secretariat of the Pension Board amounts to $1,286,600 (before recosting), representing an increase of 2.5 per cent compared with the appropriation for 2023. The request includes an increase in non-post resources of $31,800. The number of posts remains unchanged at three.

2. Pension Administration

187. The proposed budget for 2024 for administrative costs under Pension Administration amounts to $70,734,800 (before recosting), representing an increase of 6.9 per cent compared with the appropriation for 2023. Approximately 5.0 per cent of this increase is accounted for by first-year costs of new initiatives.

188. The proposal includes the establishment of seven posts, the conversion of two general temporary assistance positions to posts, the redeployment of two posts and the reclassification of three posts. It also includes 13 new general temporary assistance positions and the discontinuation of one general temporary assistance position. The number of posts increases by 9, or 3.5 per cent, from 258 to 267. The number of general temporary assistance positions increases by 10, or 125 per cent, from 8 to 18.

3. Office of Investment Management

189. The proposed budget for 2024 for the investment costs under the Office of Investment Management amounts to $64,997,700 (before recosting), which reflects an increase of 14.7 per cent compared with the appropriation for 2023.

190. The proposal includes the establishment of 10 new posts, the conversion of 7 general temporary assistance positions to posts, the redeployment of 6 posts and the reclassification of one post. The number of posts increases by 17, or 11.3 per cent, from 150 to 167. The number of general temporary assistance positions decreases by seven, or 100.0 per cent, from seven to zero.

4. Audit

191. The proposed budget for audit costs for 2024 amounts to a total of $2,212,000 (before recosting) to cover external ($412,900) and internal ($1,799,100) audit costs, representing an increase of 0.6 per cent compared with the appropriation for 2023. The increase in external audit costs for 2024 from $393,100 to $412,900, an increase of $19,800, or 5.3 per cent, is the first since 2016. Internal audit costs in that same period have increased by $878,800, or 95.5 per cent, from $920,300 to $1,799,100.

192. The number of posts and positions remains unchanged at six posts and two general temporary assistance positions.

5. Summary of proposed changes in posts and general temporary assistance positions

193. A summary of the proposed changes in posts and general temporary assistance positions in the Fund is provided in table 4.

Table 4
Changes in posts and general temporary assistance positions

	2023 approved	*General temporary assistance conversions*	*New*	*Abolishments/ discontinuations*	*2024 proposed*
Secretariat of the Pension Board					
Posts	3	–	–	–	3
Subtotal	**3**	**–**	**–**	**–**	**3**
Pension Administration					
Posts	258	2	7	–	267
General temporary assistance positions	8	(2)	13	(1)	18
Subtotal	**266**	**–**	**20**	**(1)**	**285**
Office of Investment Management					
Posts	150	7	10	–	167
General temporary assistance positions	7	(7)	–	–	–
Subtotal	**157**	**–**	**10**	**–**	**167**
Internal audit					
Posts	6	–	–	–	6
General temporary assistance	2	–	–	–	2
Subtotal	**8**	**–**	**–**	**–**	**8**

	2023 approved	General temporary assistance conversions	New	Abolishments/ discontinuations	2024 proposed
United Nations Joint Staff Pension Fund (overall)					
Posts	417	9	17	–	443
General temporary assistance positions	17	(9)	13	(1)	20
Total	**434**	**–**	**30**	**(1)**	**463**

6. Emergency Fund

194. An amount not to exceed $112,500 was requested to supplement the Emergency Fund.

Discussion in the Board

195. The Chair of the Budget Committee introduced its report (see annex V), expressed his appreciation for the support of the Fund's management and thanked the members of the Budget Committee for their contribution.

196. The Board members expressed appreciation for the Committee's diligent review of the 2024 budget proposal.

197. The executive heads reiterated that budget assumptions for the estimation of travel expenses incurred by the Pension Fund for members of the Board attending Board sessions and committee meetings should be in line with the United Nations travel policy.

198. During its discussion on travel funding, the Board confirmed its prior decision that while four representatives of FAFICS may attend the Board's in-person session, the Fund will only cover travel expenses for two representatives.

199. The Board reviewed and discussed the meeting schedule for 2024 for all committees of the Board, agreed on the assumptions for the budget with respect to meeting frequency, duration, location and attendance, and decided to update the budget assumptions and estimates.

Recommendations of the Board

200. **Having considered the clarification provided by the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, the Board recommended that the title and terms of reference of the requested P-4 post be changed from Procurement Officer to Administrative Officer, stressing that the Fund does not have delegated authority for procurement.**

201. **The Board approved, for submission to the General Assembly, the proposed budget estimates for 2024 amounting to $140,585,100 (after recosting), as reflected in table 5, of which $8,423,100 (after recosting) is attributable to the cost of services provided by the Fund to the United Nations for the United Nations Staff Pension Committee, chargeable to the United Nations.**

202. **In addition, the Board approved an amount not to exceed $112,500 for the Emergency Fund.**

Table 5
Summary of total estimates for 2024
(Thousands of United States dollars)

	Estimate (before recosting)	*Estimate (after recosting)*	*Number of posts*
Secretariat of the Pension Board	1 303.0	1 387.2	3
Pension Administration[a]	70 734.8	71 060.1	267
Office of Investment Management	64 998.7	65 883.7	167
Audit	2 212.0	2 254.1	6
Total	**139 288.5**	**140 585.1**	**443**

[a] Includes the amount of $8,423,100, after recosting, directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee.

C. Introduction of the annual budget cycle for the Fund

203. The Board took note of the decision of the General Assembly confirming the change from a biennial to an annual budget cycle for the United Nations, lifting the trial period and requesting "the Secretary-General to continue with the submission of the programme budget according to an annual cycle" (resolution 77/267) and supported the proposal to formalize the annual budget cycle for the Fund.

204. Recognizing the recommendation of the Budget Committee on this matter (see annex V), the Board considered the proposal to implement the change through amendments to article 15 (b) of the Regulations of the Fund and financial rules C.11 (a), E.1, E.5 and E.6 of the Financial Rules of the Fund.

205. **The Board decided to recommend that the General Assembly approve the proposed amendment to article 15 (b) to introduce the annual budget cycle for the Fund (see annex III). The Board approved the related amendments to financial rules E.1, E.5 and E.6 of the Financial Rules of the Fund (see annex IV) and decided not to approve the proposed amendment to financial rule C.11 (a).**

XI. Audit

A. Board of Auditors

206. The Director of External Audit (Chile) of the Audit Operations Committee introduced the report of the Board of Auditors on the audit of the financial statements of the Fund for the year ended 31 December 2022, which was issued by the Board of Auditors in July 2023.

207. The Board of Auditors had issued an unqualified audit opinion on the Fund's financial statements for the year ended 31 December 2022, which had been prepared in accordance with IPSAS and IAS 26.

208. The Board of Auditors had identified scope for improvement in relation to the implementation of climate action-related pillars; the implementation of environmental, social and governance metrics; the gender balance strategy; and the overpayments write-off criteria. As a result, the Board of Auditors had issued nine new audit recommendations: two for the Pension Administration and seven for the Office of Investment Management.

209. The Board of Auditors highlighted that 83 per cent of previous audit recommendations had been fully implemented and that the significant rate of implementation compared favourably with other audited entities and showed the strong commitment of the Fund to managing outstanding audit recommendations.

210. The Director of External Audit noted that the audit for the financial year 2023 would be the last period for the Board of Auditors team from Chile before it handed over to another audit team and that, over the next year, the audit team would focus on closing outstanding issues. She concluded the presentation by recognizing that the Fund's management and staff had been fully committed to the audit process and that this was key for the success of the audit.

211. **The Pension Board took note of the audit report and expressed appreciation to the Board of Auditors for its audit work and to the Fund for the high rate of implementation of previous audit recommendations. The Board was also pleased to note the unqualified audit opinion on the Fund's financial statements.**

B. Office of Internal Oversight Services

212. The Under-Secretary-General for Internal Oversight Services presented the report on the activities of OIOS at the Fund for the period from 1 July 2022 to 30 June 2023, which covered both internal audit activities and investigations.

213. OIOS reported that, during the year, it had issued five audit reports: four for the Pension Administration and one for the Office of Investment Management. As a result, OIOS made 32 important audit recommendations: 28 for the Pension Administration and 4 for the Office of Investment Management.

214. It was reported that, as at 30 June 2023, there were 52 open important audit recommendations, including 39 for the Pension Administration and 13 for the Office of Investment Management. OIOS highlighted that 26 audit recommendations were still not due. OIOS highlighted the continued decrease in open audit recommendations as a result of management's efforts to improve accountability for results and the positive interaction between OIOS and the Fund's management.

215. The Board was informed that the internal audit plan for 2023 covered 12 audit engagements. OIOS reported that, as at 30 June 2023, it had completed the audit of the IPAS member self-service and employee self-service portals and the audit of survivor benefits in the Pension Administration, while the audit of the selection and use of brokers and counterparties in the Office of Investment Management was in the reporting stage. It was further noted that the fieldwork for two other audits in the Office of Investment Management and one in the Pension Administration was under way.

216. With regard to the status of investigation activities, OIOS reported that, over the past year, there had been 18 reports of possible unsatisfactory conduct related to the Fund. It was reported that there were three ongoing investigations as at 30 June 2023 and that one of them was related to a case of multiple allegations of possible misconduct.

217. It was reported that OIOS met regularly with the Audit Committee, the Fund's management and the Board of Auditors. The Under-Secretary-General concluded the presentation by assuring the Board of the commitment of OIOS to working together with the Fund's management to provide timely, effective and independent internal oversight services.

218. The Board thanked OIOS for its comprehensive report and the audit recommendations made.

219. All three constituent groups expressed appreciation for the positive interaction and continuous dialogue between OIOS and the Fund's management regarding the implementation of audit recommendations.

220. FAFICS noted a decline in the number of cases of possible misconduct. The Under-Secretary-General noted the need to consider the criticality of the issues as well as actions taken by the Fund's management to improve the organizational environment.

221. **The Board took note with appreciation of the report of OIOS for the year ended 30 June 2023. The Board expressed appreciation for the good cooperation and continued dialogue between the Fund's management and OIOS in the implementation of audit recommendations.**

C. Audit Committee

222. The Chair of the Audit Committee made a presentation to the Board. The Board thanked the Chair for the presentation and the Audit Committee for the work undertaken during the year.

223. **The Board considered the report of the Audit Committee and decided as follows:**

(a) **To request the Board of Auditors to provide written documentation on audit planning;**

(b) **To request that the Pension Administration and the Office of Investment Management ensure alignment among risk assessment methodologies, ratings and selected mitigations;**

(c) **To request the Pension Administration and the Office of Investment Management to continue to provide the draft financial statements to the Audit Committee for its review, and that the comments provided by the Committee that were not included in the financial statements for 2022 be clearly resolved in early drafts of the 2023 financial statements;**

(d) **To request the Pension Administration and the Office of Investment Management to provide additional information on cases of write-offs, ex-gratia payments, presumptive fraud or confirmed cases of fraud during the year, and to consider additional disclosures thereon in the financial statements to improve transparency;**

(e) **To request the Pension Administration and the Office of Investment Management to review annually the assumptions used by the after-service health insurance actuary for the annual valuation of after-service health insurance liabilities, and to gain assurance that the assumptions used are up to date and appropriate for the Fund population as reported in its financial statements.**

224. **The Board approved the appointment of Bassam E. Hage as an expert member of the Audit Committee to serve for the period from 1 January 2024 to 31 December 2027.**

XII. Other items

A. Report of the 209th meeting of the Standing Committee

225. The Board took note of the report of the 209th meeting of the Standing Committee, held on 5 July 2023. The Board had considered the report of the 208th meeting at its seventy-fourth session, in April 2023.

B. Membership of Board committees

226. **The Board approved the appointment of Gerald Anderson (WHO), nominated by the governing bodies group; Chandramouli Ramanathan (United Nations), nominated by the executive heads group; and John Levins (WFP), nominated by the participants representatives group, to the Audit Committee for a four-year term from 1 January 2024 to 31 December 2027.**

227. **The Board approved the appointment of Janice Cook Robbins (WIPO) from the executive heads group to replace and serve the remaining term of Jeffery Kobza on the Fund Solvency and Assets and Liabilities Monitoring Committee, beginning on 1 September 2023 and ending on 31 July 2025.**

228. **The Board confirmed the appointment of Isabel Nicolasa Vigil (WHO) from the participants representatives group to replace and serve the remaining term of Jude Mariani (ITU) on the Succession Planning and Evaluation Committee beginning on 22 May 2023 and ending on 31 July 2024.**

C. Election of members of the Standing Committee (rules of procedure, rule B.1)

229. The members of the Standing Committee, as elected by the Board in 2023, are listed in annex II.C to the present report.

D. United Nations Appeals Tribunal judgments of interest to the Board

230. The Chief Executive of Pension Administration provided information on a judgment issued by the United Nations Appeals Tribunal in April 2023.

231. In its judgment 2023-UNAT-1326, *Banyanga v. UNJSPB*, the Tribunal upheld a decision of the Standing Committee denying the appellant's request for a surviving spouse's benefit under article 34 of the Regulations of the Fund. In dismissing the appeal, the Tribunal affirmed that an appellant bears the evidentiary burden of proving, on a balance of probabilities, that the appellant was married to a participant at the time of the participant's death in service. After conducting an extensive review of the facts in this case, the Tribunal concluded that the appellant had failed to establish that she was the late participant's reported spouse or that she had entered into a marriage with the former participant that could be recognized by the Fund.

232. **The Board took note of the judgment of the United Nations Appeals Tribunal.**

E. Termination of membership of the Special Tribunal for Lebanon

233. In March 2023, the Registrar of the Special Tribunal for Lebanon notified the Chief Executive of the Tribunal's request to terminate its membership in the Fund on 31 December 2023, as the Tribunal would close and cease to be an institution on that date. The Board considered the request for termination of membership in the context of article 16 of the Regulations of the Fund. As the date on which the Tribunal would cease to exist coincides with the date of its requested termination of membership in the Fund, there would not be any Tribunal participants in respect of whom payment of assets would be required under articles 16 (b) and (c) of the Regulations. Former participants of the Tribunal as of that date would retain their pension rights in the Fund and the Fund would remain liable for the accrued benefits of former Tribunal participants.

234. **In accordance with article 16 (a) of the Regulations of the Fund, the Board decided to recommend to the General Assembly that the membership of the Special Tribunal for Lebanon in the Fund be terminated on 31 December 2023. Noting that the Tribunal was established for a single purpose and for a limited period of time, the Board expressed its view that the expected lifetime of a prospective new member organization should be a factor for consideration in future requests for admission in the Fund.**

F. Application of pensionable remuneration scales by member organizations

235. In response to the request of the General Assembly in its resolution 77/258 for the Fund to report on "steps taken in cases where the incorrect pensionable remuneration rate is applied by member organizations of the Pension Fund for purposes of administering the Fund's Regulations", the Board was informed that the primary responsibility for accurately reporting and paying contributions rested with the member organizations and that the Fund monitored compliance through spot checks, trend analysis, analysis of variances and requests for information. In cases in which data issues or discrepancies were identified, the Fund supported the member organization in resolving the issue on a case-by-case basis.

236. A member of the governing bodies asked about the frequency of reporting of contributions by member organizations to the Fund. The Chief Financial Officer explained that the traditional frequency had been annual reporting, but that the Fund had started to implement monthly reporting cycles for individual member organizations and was onboarding additional member organizations to the monthly reporting interface every year.

237. **The Board took note of the framework that applied to the reporting of pensionable remuneration and the steps that the Fund took in cases in which discrepancies were identified.**

G. Proposed transfer agreement with the European University Institute under article 13 of the Regulations of the Fund

238. The Board considered a request for the Fund to enter into a transfer agreement with the European University Institute in accordance with article 13 of the Regulations of the Fund. The Institute is an intergovernmental organization that was established through a convention of the States members of the European Union. As

an intergovernmental organization, it meets the requirement under article 13 of the Regulations.

239. At its fifty-ninth session, in 2012, the Board approved a model transfer agreement, which was developed after a comprehensive review of the administration and operation of the Fund's existing transfer agreements and further reviewed by the Committee of Actuaries. The proposed transfer agreement with the Institute is based on the model transfer agreement, with the addition of a clause addressing confidentiality. The President of the Institute, on behalf of its governing body, has approved the entrance of the Institute into the agreement.

240. At its sixty-second session, in June 2023, the Committee of Actuaries was informed of the proposed transfer agreement. This was in accordance with its conclusion at its fifty-seventh session, in June 2018, that, should new transfer agreements based on the approved model agreement be concluded with other intergovernmental organizations, it wished to be informed, but agreed that there was no need to obtain separate concurrence from the Committee.

241. **The Board approved, subject to the concurrence of the General Assembly, the transfer agreement of the Fund with the European University Institute (see annex VIII).**

H. Venues and dates of the 2024 sessions of the Pension Board

242. On behalf of the Secretary-General of the United Nations, the representatives of the Secretary-General informed the Board that the United Nations was ready to host the July 2024 session of the Board at the Economic and Social Commission for Asia and the Pacific in Bangkok.

243. **The Board accepted the invitation with appreciation and decided to hold its July 2024 session, tentatively scheduled for the week of 29 July to 2 August 2024, at the Economic and Social Commission for Asia and the Pacific in Bangkok.**

XIII. Closure of the seventy-fifth session of the Pension Board

244. **The Board adopted the report of its seventy-fifth session.**

245. The Board expressed its appreciation to the Chair and the other officers of the Board and to the Fund and the secretariat of the Board for their contributions to the efficient and effective conduct of the session.

Annex I

Summary of the operations of the United Nations Joint Staff Pension Fund for the year ended 31 December 2022

1. During the year ended 31 December 2022, the number of participants in the Fund increased from 137,261 to 143,612, or 4.6 per cent; the number of periodic benefits in award increased from 82,312 to 83,988, or 2 per cent. As at 31 December 2022, the breakdown of the periodic benefits in award was as follows: 30,204 retirement benefits; 17,510 early retirement benefits; 9,498 deferred retirement benefits; 13,879 widows' and widowers' benefits; 10,041 children's benefits; 1,949 disability benefits; 876 child with disability benefits and 31 benefits for secondary dependents. In the course of the year, 5,256 lump-sum withdrawal and other settlements were paid. A breakdown by member organization of participants and of benefits awarded during the year ended 31 December 2022 is shown in tables 1 and 2 of the annex to the notes to the financial statements (see annex VII).

2. Benefit payments and expenses for the one-year period ended 31 December 2022 amounted to $3,128.2 million (2021: $2,975.8 million), reflecting an increase of $152.4 million, or 5.1 per cent, compared with 2021 (see annex VII, notes to the financial statements, note 15).

3. Total contributions for 2022 amounted to $3,121.3 million (2021: $2,969.3 million), reflecting an increase of $152.0 million, or 5.1 per cent, compared with 2021.

4. Total liabilities of the Fund as at 31 December 2022 amounted to $691.4 million (2021: $309.6 million), reflecting an increase of $381.8 million, or 123.3 per cent, compared with total liabilities as at 31 December 2021. The increase in total liabilities was due primarily to the total increase in payable from investments traded of $403.0 million.

5. During the one-year period from 1 January 2022 to 31 December 2022, the net assets available for benefits amounted to $77,918.3 million (2021: $91,459.5 million), reflecting a decrease of $13,541.2 million, or 14.8 per cent, compared with 2021. The investment loss for 2022 amounted to $13,457.8 million (2021: income of $10,047.2 million). Investment loss for 2022 comprised mainly a net decrease of $14,739.9 million in the fair value of investments, offset by dividend income of $830.2 million and interest income of $592.0 million. The fair value of investments as at 31 December 2022 was $77,437.5 million (2021: $89,856.1 million), reflecting a decrease of $12,418.6 million, or 13.8 per cent, compared with 2021. Details on the investment classes as at 31 December 2022 and 31 December 2021 and their market values are provided in annex VII to the present report.

Annex II

Membership of the Fund, the United Nations Joint Staff Pension Board and its committees

A. Member organizations of the Fund

The member organizations of the United Nations Joint Staff Pension Fund are the United Nations and the following:

European and Mediterranean Plant Protection Organization

Food and Agriculture Organization of the United Nations

International Atomic Energy Agency

International Centre for Genetic Engineering and Biotechnology

International Centre for the Study of the Preservation and the Restoration of Cultural Property

International Civil Aviation Organization

International Criminal Court

International Fund for Agricultural Development

International Labour Organization

International Maritime Organization

International Organization for Migration

International Seabed Authority

International Telecommunication Union

International Tribunal for the Law of the Sea

Inter-Parliamentary Union

Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization

Special Tribunal for Lebanon

United Nations Educational, Scientific and Cultural Organization

United Nations Industrial Development Organization

Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies

World Health Organization

World Intellectual Property Organization

World Meteorological Organization

World Tourism Organization

B. Membership of the Board and attendance at the seventy-fifth session

1. The Secretary of the Board has been notified of the appointment of the following persons by the staff pension committees as members and alternate members of the Board for 2023, in accordance with article 5 of the Regulations and rule A.2 of the rules of procedure.

2. Below is the list of the members entitled to attend in person.

Representing	*Member*	*Alternate*
United Nations		
General Assembly	Dmitry Chumakov[a]	Jun Yamada
General Assembly	Philip Richard O. Owade	Jörg Stosberg
General Assembly	David Traystman	Pia Poroli
General Assembly	Ahmed Al-Kabir	Lovemore Mazemo
Secretary-General	Catherine Pollard	
Secretary-General	Martha Helena Lopez	
Secretary-General	Arnab Roy	
Secretary-General	Kathryn Alford	
Participants	Patricia Nemeth	
Participants	Mary Abu Rakabeh	
Participants	Christian Castelli	
Participants	Ibrahima Faye	
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing body	Denis Cherednichenko[a]	
Executive head	Annick Vanhoutte	
Participants	John Levins	
World Health Organization		
Governing body	Gerald Anderson	
Executive head	Claude Hennetier Rossier	
Participants	Olga Carolina Bascones	
United Nations Educational, Scientific and Cultural Organization		
Executive head	Magdolna Bona	
Participants	Anna Cristina D'Addio	

Representing	Member	Alternate
International Labour Organization		
Governing body	Fabrice Merle	
Executive head	Anny Zhang	
International Atomic Energy Agency		
Governing body	Lynn Hartery	
Participants	Imed Zabaar	
United Nations Industrial Development Organization		
Participants	Stephen Eales	
World Intellectual Property Organization		
Governing body	Moncef Charaabi	
Participants	Nicoletta Marin-Cudraz Davi[b]	
International Civil Aviation Organization		
Executive head	Kamini Balram	
International Telecommunication Union		
Executive head	Jean-Paul Lovato	
World Meteorological Organization		
Participants	Giacomo Teruggi	
International Maritime Organization		
Governing body	Watchara Chiemanukulkit	
International Fund for Agricultural Development		
Executive head	Allegra Saitto (24–27 July)	
Executive head	Candida Sansone (28 July)[b]	
International Organization for Migration		
Governing body	Juan Carlos Pomareda Muñoz	
Federation of Associations of Former International Civil Servants		
Representatives	Jerry Barton	
Representatives	Suzanne Bishopric	
Representatives	Gerhard Schramek	
Representatives	Theresa Panuccio	

Representing	Member	Alternate
Office of Investment Management		
Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund	Pedro Guazo	
	Toru Shindo	
	José Antonio Núñez Poblete	
	William Wilkinson	
Pension Administration		
Chief Executive of Pension Administration	Rosemarie McClean	
	David Penklis[a]	
	Karl-Ludwig Soll	
	Dino Dell'Accio	
	Cristiano Papile	
Pension Board secretariat		
Secretary of the Board	Wiryanto Sumitro	
	Kelly Schmidt	
	Gedma Arndt	

[a] Did not attend.
[b] Decided to attend virtually.

3. Below is the list of all the members who are accredited to attend virtually for all or part of the session.

Representing	Representative	Alternate
United Nations		
Secretary-General		Chandramouli Ramanathan
Secretary-General		Maria Costa
Participants		Ian Richards
Participants		Youssef Sfeir
Food and Agriculture Organization of the United Nations/World Food Programme		
Governing body		Guillermo Rodolico
Executive head		Camilla Dupont
Participants		Cristina Ascone
Secretary	Shasha You	

Representing	*Representative*	*Alternate*
World Health Organization		
Governing body		Ahmed Shadoul
Executive head		Kerstin Schotte
Participants		Kay Miller
Secretary	Frederick Loirat	
United Nations Educational, Scientific and Cultural Organization		
Governing body	George Sarpong	
Deputy Secretary	Rodolphe Derrien	
International Labour Organization		
Executive head		Luca Bormioli
Participants	Florian Léger	
Secretary	Marie-Sylvie Zinzindohoué	
International Atomic Energy Agency		
Governing body		Gustavo Adolfo Sancho Viquez
Executive head	Peter Frobel	
Participants		Staschah-Sarah Lepsanowitz
Secretary	Gjorgji Nikolovski	
United Nations Industrial Development Organization		
Executive head	Ralf Dotzauer	
Participants		Thuy Thu Le
Secretary	Alejandro Tagarro Cervantes	
World Intellectual Property Organization		
Governing body		Jean-Luc Perrin
Executive head	Janice Cook Robbins	
Participants		William Meredith
Secretary	Thuta Phyo Hlaing	
International Civil Aviation Organization		
Governing body	Dionisio Méndez Mayora	
Executive head		Olga Nam
Participants	Andrew Larcos	
Secretary	Susan Mwangi	

Representing	*Representative*	*Alternate*
International Telecommunication Union		
Governing body	Vilém Veselý	
Participants	Marius Catalin Marinescu	
Secretary	Subira Suedi	
World Meteorological Organization		
Governing body	Arlene Laing	
Executive head	Brian Cover	
Secretary	Chenchen Hu	
International Maritime Organization		
Executive head	Azara Prempeh	
Participants	Edwin Titi-Lartey	
Secretary	David Afable	
International Fund for Agricultural Development		
Governing body	Sylvain Fournel	
Executive head		Candida Sansone (24–27 July)
Participants	Robert Creswell	
Secretary	Francesca Maselli	
International Organization for Migration		
Executive head	Alejandro Rovira	
Participants	Florian Forster	
Secretary	Malcolm Grant	
International Tribunal for the Law of the Sea		
Executive head	Nusrat Jahan	
Secretary	Svitlana Buergers-Vereshchak	
International Centre for Genetic Engineering and Biotechnology		
Executive head	Maria Luisa Fichera	
Secretary	Françoise Misiti	
Comprehensive Nuclear-Test-Ban Treaty Organization		
Secretary	Juliana Gomes Lacchini	

Representing	*Representative*	*Alternate*
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies		
Executive head	Ditta Ciganikova	
Secretary	Gabriela Kremnitzer	
Federation of Associations of Former International Civil Servants		
		Alnoor Nathoo
		Marlene Arduo
Investments Committee (25 July)		
Chair	Michael Klein	
	Simon Jiang	
	Sarah Alade	
	Patricia Parise	
	Jens Fricke	
	Yasir Al-Rumayyan	
	Macky Tall	
Asset and liability management study consultant (25 July)		
	Martijn Vos	
	Tom Hazenberg	
	Elwin Molenbroek	
	Rients Miedema	
	Bajro Muzaqi	
	Abhimanyu Rao	
	Jens Barendsen	
Audit Committee (27 July)		
Chair	George Kyriacou	
Vice-Chair	Marian McMahon	
Consulting Actuary		
	Tonya Manning	
	Stuart Schulman	
	Jessie Bunting	

Representing	*Representative*	*Alternate*
Committee of Actuaries		
Chair	Assia Billig	
Rapporteur and Vice-Chair	Rosemary Nantambi-Amiri	
Federation of International Civil Servants' Associations		
	Cosimo Melpignano	
United Nations International Civil Servants Federation		
	Francisco Brito	
Office of Investment Management		
	Isabela Munch	
	Sandhya Peerthum	
	Anastasia Rotheroe	
	Terezie Hesounova	
	Pako Thupayagale	
	Panayiotis Lardos (25 July)	
	Suhail Mohiuddin (25 July)	
	Maria Lourdes Almazora (25 July)	
	Ju Hui Lee (25 July)	
Pension Administration		
	Alan Blythe	
	Maria Clarissa O'Donnell	
	Serge Gas	
	Kathalina Manosalvas	
	Sarah Mathieson (25 and 26 July)	
	Abu Bockarie (24 and 26 July)	
	Gilles Fado	
Pension Board secretariat		
	Katrin Toomel	

C. Membership of the Standing Committee

Representing	*Member*	*Alternate*
United Nations (Group I)		
General Assembly	A. Al-Kabir	J. Stosberg
	T. Yamaguchi	
Secretary-General	M. H. Lopez	
	K. Alford	
Participants	P. Nemeth[a]	Y. Sfeir
	I. Faye	
Specialized agencies (Group II)		
Governing body	G. Rodolico (FAO)	M. Georgiades (FAO)
Executive head	J. Lackey (FAO)	C. Dupont (FAO)
Participants	P. De La Croix Vaubois (WHO)	K. Miller (WHO)
Specialized agencies (Group III)		
Governing body	R. Bin Zaman (IAEA)	
Executive head	L. Bormioli (ILO)	
Participants	A. C. D'Addio (UNESCO)	
Specialized agencies (Group IV)		
Governing body	V. Veselý (ITU)	
Participants	W. Meredith (WIPO)	
Specialized agencies (Group V)		
Executive head	To be nominated (IFAD)	

	Member	*Alternate representative*
Federation of Associations of Former International Civil Servants		
	J. Barton	G. Schramek
	T. Panuccio	S. Bishopric

[a] Chair.

D. Membership of the Committee of Actuaries

Member	*Representing*
R. Nantambi (Uganda)	Region I (African States)
S. Inagaki (Japan)	Region II (Asian States)
T. Párniczky (Hungary)	Region III (Eastern European States)
A. Scardino Devoto (Uruguay)	Region IV (Latin America and the Caribbean)
A. Billig (Canada) (Chair)	Region V (Western European and other States)

Ad hoc member	*Representing*
M. Dush (United States of America)	Region V (Western European and other States)
R. Schmid (Switzerland)	Region V (Western Europe and other States)
S. Venkatramani (India)	Region II (Asian States)

E. Membership of the Investments Committee

Member	*Representing*
M. Klein (Chair)	United States of America/Western European and other States
K. Honda	Japan/Asia-Pacific States
S. Jiang	China/Asia-Pacific States
J. Fricke	Germany/Western European and other States
L. Ribeiro	Brazil/Latin American and Caribbean States
P. Parise	Argentina/Latin American and Caribbean States
N. Khanjenkova	Russian Federation/Eastern European States
S. Omotunde Alade	Nigeria/African States
Y. Al-Rumayyan	Saudi Arabia/Asia-Pacific States

Ad hoc member	*Representing*
M. Tall	Mali/African States

F. Membership of the Audit Committee

Member	*Representing*
V. Yossifov (WIPO)	Governing bodies
G. Sarpong (UNESCO)	Governing bodies
A. Roy (United Nations)	Executive heads
G. Kyriacou (WHO) (Chair)	Executive heads
I. Richards (United Nations)	Participants
J. Levins (WFP)	Participants
M. Breschi	FAFICS

Expert member
M. McMahon
G. Amon

G. Membership of the Budget Committee

Member	*Representing*
J. Yamada (United Nations)	Governing bodies
V. Yossifov (WIPO)	Governing bodies
M. Costa (United Nations)	Executive heads
J. P. Lovato (ITU)	Executive heads
C. Castelli (United Nations)	Participants
J. Levins (WFP) (Chair)	Participants
K. Matsuura-Mueller	FAFICS
C. Santos-Tejada	FAFICS

H. Membership of the Succession Planning and Evaluation Committee

Member	*Representing*
A. Al-Kabir (United Nations)	Governing bodies
D. Traystman (United Nations) (Chair)	Governing bodies
M. H. Lopez (United Nations)	Executive heads
M. Bona (UNESCO)	Executive heads
Y. Sfeir (United Nations)	Participants
I. N. Vigil (WHO)	Participants
J. Barton	FAFICS
T. Panuccio	FAFICS

I. Membership of the Fund Solvency and Assets and Liabilities Monitoring Committee

Member	*Representing*
P. R. O. Owade (United Nations)	Governing bodies
N. O. Opilo (UNESCO)	Governing bodies
J. Kobza (WHO)	Executive heads
M. Costa (United Nations)	Executive heads
C. Castelli (United Nations) (Chair)	Participants
K. Bruchmann (WHO)	Participants
S. Bishopric	FAFICS
M. Seenappa	FAFICS

Annex III

Recommendations to the General Assembly for amendments to the Regulations of the Fund

For approval

Existing text	*Proposed text*[a]	*Comments*
Article 15	Article 15	
(b) Biennial estimates of the expenses to be incurred under (a) above shall be submitted to the General Assembly for approval during the year immediately preceding the biennium to which the said estimates relate. Supplementary estimates may similarly be submitted in the first and/or the second year of the biennium to which the budget relates.	(b) ~~**Biennial estimates**~~ **Estimates** of the expenses to be incurred under (a) above shall be submitted **annually** to the General Assembly for approval during the **preceding** year ~~**immediately preceding the biennium to which the said estimates relate**~~. ~~**Supplementary estimates may similarly be submitted in the first and/or the second year of the biennium to which the budget relates.**~~	Amendment to reflect the shift from a biennial to an annual budget cycle in accordance with General Assembly resolution 77/267

[a] Proposed additions and deletions appear in boldface type.

Annex IV

Amendments to the Administrative Rules and the Financial Rules of the Fund

For information

Existing text	*Proposed text*[a]	*Comments*
Administrative Rules		
F.7 The period of past service to be restored under article 24 *bis* shall be determined based on the actuarial value of the deferred retirement benefit held by the Fund, and shall not exceed the contributory service for which the deferred retirement benefit was elected or was deemed to have been elected.	F.7 The period of past service to be restored under article 24 *bis* shall be determined based on the actuarial value of the deferred retirement benefit held by the Fund, and shall not exceed the contributory service for which the deferred retirement benefit was elected or was deemed to have been elected. **Eligibility to receive a periodic benefit in the future under articles 28, 29 or 30 shall not be invalidated by a reduction in the purchased contributory service after restoration. Similarly, in the event that the participant has a divorced surviving spouse, the determination of eligibility under article 35 *bis* (b)(i) shall be based on the actual period of marriage during which contributions were paid to the Fund.**	To clarify that: (a) eligibility to receive a periodic benefit is preserved on restoration, even if the calculated contributory service after restoration is less than five years; and (b) prior entitlement/ qualification to a divorced surviving spouse's benefit is unchanged on restoration
	F.10 In accordance with rule J.2 (a) below, a participant may elect a withdrawal settlement following restoration of a period of contributory service for which a deferred retirement benefit was payable. In such case, the withdrawal settlement shall be calculated based on each period of contributory service. Should the participant re-enter service, he or she shall be entitled to restore under article 24 (a) of the Regulations the prior combined period of contributory service incorporating the contributory service credit previously received through restoration under article 24 *bis*.	New provision in the Administrative Rules to complement article 24 *bis* of the Regulations in respect of restoration of prior contributory service in the case of deferred retirement benefits

Existing text	*Proposed text*[a]	*Comments*
Financial Rules		
E.1 In accordance with article 15 (b) of the Regulations of the Fund, the Board shall submit to the General Assembly for approval biennial estimates of the expenses to be incurred in the administration of the Regulations. The proposed administrative budget for each budget period shall be prepared by the Chief Executive of Pension Administration in consultation with the Representative of the Secretary-General, who shall propose the resource requirements for the part of the administrative budget that concerns the activities and resources required for the investment of the assets of the Fund. The budget period for the proposed budget for the administrative expenses of the Fund shall consist of two consecutive calendar years, the first of which shall be an even year.	E.1 In accordance with article 15 (b) of the Regulations of the Fund, the Board shall submit to the General Assembly for approval **~~biennial~~** **annual** estimates of the expenses to be incurred in the administration of the Regulations. The proposed administrative budget for each budget period shall be prepared by the Chief Executive of Pension Administration in consultation with the Representative of the Secretary-General, who shall propose the resource requirements for the part of the administrative budget that concerns the activities and resources required for the investment of the assets of the Fund. The budget period for the proposed budget for the administrative expenses of the Fund shall consist of **~~two consecutive~~** **one** calendar year**~~s, the first of which shall be an even year~~**.	To implement the change from a biennial to an annual budget cycle in accordance with General Assembly resolution 77/267
E.5 In the second year of a budget period, the Chief Executive of Pension Administration and the Representative of the Secretary-General shall submit the proposed budget for the administrative expenses of the Fund for the following budget period to the Board for review and endorsement. The Board shall submit its proposed budget for the administrative expenses of the Fund to the General Assembly, through the Advisory Committee, which may make comments or recommendations.	E.5 **~~In the second year of a budget period~~** **Each year**, the Chief Executive of Pension Administration and the Representative of the Secretary-General shall submit the proposed budget for the administrative expenses of the Fund for the following **year** **~~budget period~~** to the Board for review and endorsement. The Board shall submit its proposed budget for the administrative expenses of the Fund to the General Assembly, through the Advisory Committee, which may make comments or recommendations.	To implement the change from a biennial to an annual budget cycle in accordance with General Assembly resolution 77/267

Existing text	*Proposed text*[a]	*Comments*
E.6 In accordance with article 15 (b) of the Regulations of the Fund, the General Assembly shall, in the second year of a budget period, approve the budget for the administrative expenses of the Fund for the following budget period after consideration of the proposed budget for the administrative expenses of the Fund, endorsed by the Board, as well as the report of the Advisory Committee thereon.	E.6 In accordance with article 15 (b) of the Regulations of the Fund, the General Assembly shall~~**, in the second year of a budget period,**~~ approve the budget for the administrative expenses of the Fund for the following **year** ~~**budget period**~~ after consideration of the proposed budget for the administrative expenses of the Fund, endorsed by the Board, as well as the report of the Advisory Committee thereon.	To implement the change from a biennial to an annual budget cycle in accordance with General Assembly resolution 77/267

[a] Proposed additions and deletions appear in boldface type.

Annex V

Report of the Budget Committee

Summary

The Budget Committee began its work on 5 June 2023 and held a total of four meetings. It carefully reviewed the budget estimates for 2024 and the accompanying supplementary information.

Following a comprehensive review of the budget estimates, along with discussions held with managers from the Pension Administration, the Office of Investment Management and the secretariat of the Pension Board, and the receipt of extensive clarification, analysis and explanation, **the Budget Committee recommended that the Board approve resources as follows:**

	Resources (before recosting) (thousands of United States dollars)			*Number of posts*	
	Fund's proposal	*Budget Committee Changes*	*Budget Committee Estimates*	*Fund's proposal*	*Budget Committee*
Secretariat of the Pension Board	1 286.6	81.1	1 367.7	3	3
Pension Administration	70 734.8	–	70 734.8	267	267
Office of Investment Management	64 997.7	–	64 997.7	167	167
Audit	2 212.0	–	2 212.0	6	6
Total	**139 231.1**	**81.1**	**139 313.2**	**443**	**443**

The details of the proposal, the discussion and the Committee's recommendation are set out below.

The Committee was also asked to comment on management's proposal to introduce the annual budget cycle for the United Nations Joint Staff Pension Fund. **The Committee recommended that the Board approve the introduction of the annual budget cycle through the proposed amendments to article 15 (b) of the Regulations of the Fund and financial rules E.1, E.5 and E.6 of the Financial Rules of the Fund. The proposed amendments to financial rule C.11 (a) were not supported by the Committee.**

A. Proposed estimates for the year 2024

1. The budget estimates originally proposed by the Fund for 2024 amounted to $139,231,100 (before recosting), representing an increase of $12,947,700, or 10.3 per cent compared with the appropriation for 2023. Budget estimates were presented for: the secretariat of the Pension Board ($1,286,600); the Pension Administration ($70,734,800); the Office of Investment Management ($64,997,700); and audit costs ($2,212,000). In addition, the estimates provide for an amount not to exceed $112,500 for the Emergency Fund.

1. Secretariat of the Board

2. The proposed budget for 2024 for the secretariat of the Pension Board amounts to $1,286,600 (before recosting), representing an increase of 2.5 per cent compared with the appropriation for 2023. The request includes an increase in non-post resources of $31,800. The number of posts remains unchanged at three.

2. Pension Administration

3. The proposed budget for 2024 for administrative costs under the Pension Administration amounts to $70,734,800 (before recosting), representing an increase of 6.9 per cent compared with the appropriation for 2023. Approximately 5.0 per cent of this increase is accounted for by first-year costs of new initiatives.

4. The proposal includes the establishment of seven posts, the conversion of two general temporary assistance positions to posts, the redeployment of two posts and the upward reclassification of three posts. It also includes 13 new general temporary assistance positions and the discontinuation of one general temporary assistance position. The number of posts increases by nine, or 3.5 per cent, from 258 to 267. The number of general temporary assistance positions increases by 10, or 125 per cent, from 8 to 18.

3. Office of Investment Management

5. The proposed budget for 2024 for the investment costs under the Office of Investment Management amounts to $64,997,700 (before recosting), which reflects an increase of 14.7 per cent compared with the appropriation for 2023.

6. The proposal includes the establishment of 10 new posts, the conversion of 7 general temporary assistance positions to posts, the redeployment of 6 posts and the upward reclassification of one post. The number of posts increases by 17, or 11.3 per cent, from 150 to 167. The number of general temporary assistance positions decreases by seven, or 100 per cent, from seven to zero.

4. Audit

7. The proposed budget for audit costs for 2024 amounts to a total of $2,212,000 (before recosting) to cover external ($412,900) and internal ($1,799,100) audit costs, representing an increase of 0.6 per cent compared with the appropriation for 2023. The increase in external audit costs for 2024 from $393,100 to $412,900, an increase of $19,800, or 5.3 per cent, is the first since 2016. Internal audit costs in the same period increased by $878,800, or 95.5 per cent, from $920,300 to $1,799,100.

8. The proposal provides for six posts and two general temporary assistance positions, reflecting no change from 2022 and 2023.

5. Summary of proposed changes in posts and general temporary assistance positions

9. A summary of the proposed changes in posts and general temporary assistance positions in the Fund is provided in table 1.

Table 1
Changes in posts and general temporary assistance positions

	2023 approved	*General temporary assistance conversions*	*New*	*Abolishments/ discontinuations*	*2024 proposed*
Secretariat of the Pension Board					
Posts	3	–	–	–	3
Subtotal	**3**	**–**	**–**	**–**	**3**
Pension Administration					
Posts	258	2	7	–	267
General temporary assistance positions	8	(2)	13	(1)	18
Subtotal	**266**	**–**	**20**	**(1)**	**285**
Office of Investment Management					
Posts	150	7	10	–	167
General temporary assistance positions	7	(7)	–	–	–
Subtotal	**157**	**–**	**10**	**–**	**167**
Internal audit					
Posts	6	–	–	–	6
General temporary assistance positions	2	–	–	–	2
Subtotal	**8**	**–**	**–**	**–**	**8**
United Nations Joint Staff Pension Fund (overall)					
Posts	417	9	17	–	443
General temporary assistance positions	17	(9)	13	(1)	20
Total	**434**	**–**	**30**	**(1)**	**463**

6. Emergency Fund

10. An amount not to exceed $112,500 was requested to supplement the Emergency Fund.

B. Budget Committee

11. The Committee’s comments and recommendations are set out below.

12. In accordance with the decision made by the Board at its seventy-second session, the final composition of the Committee was as follows, with each member serving for a four-year-term:

John Levins (FAO/WFP), participants (Chair)

Vladmir Yossifov (WIPO), governing bodies

Jun Yamada (United Nations), governing bodies

Jean-Paul Lovato (ITU), executive heads

Maria Costa (United Nations), executive heads

Christian Castelli (United Nations), participants

Kumiko Matsuura-Mueller (FAFICS)

Carlos Santos-Tejada (FAFICS)

13. The Committee began its work on 5 June 2023, meeting virtually on all occasions to discuss the proposed budget estimates for 2024 for the Fund's administrative expenses. It held four meetings with members of the secretariat of the Pension Board, the Pension Administration and the Office of Investment Management. The secretariat of the Fund provided two sets of written supplementary information and detailed explanations in response to enquiries from members of the Committee. The Committee discussed the budget estimates for 2024 and the accompanying supplementary information.

1. Overview

14. The Fund proposes a budget of $139,231,100 (before recosting) for 2024, reflecting an increase of $12,947,400 million (or 10.3 per cent) compared with the approved budget for 2023.

15. The Committee underlined that the budget of the Fund represented a ceiling of reasonable expenditure to administer the Fund rather than a mandate for implementation. Any unspent appropriation represented savings rather than under-implementation and remained in the Fund. All expenses for the administration of the Fund were funded through contributions from participants, member organizations on behalf of the participants and investment returns. Nevertheless, the overall increase of the proposed budget for 2024 in comparison with the approved budget for 2023 was noted by the Committee. The need for cost containment, consolidation of new staff capacities, where practicable, and identification of synergies was impressed upon management.

16. **The Committee recommended that the Pension Board approve the following budget for the Fund for 2024:**

(a) **The Fund budget estimates for 2024 amounting to $139,313,200 (before recosting), comprising:**

(i) **Secretariat of the Board ($1,367,700);**

(ii) **Pension Administration ($70,734,800), of which $8,652,000 would be directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee;**

(iii) **Office of Investment Management ($64,997,700);**

(iv) **Audit ($2,212,000);**

(b) **An amount not exceeding $112,500 to supplement the contributions to the Emergency Fund.**

2. Secretariat of the Board

17. Having considered the budget proposal for 2024 for the secretariat of the Board, including both post and financial resources, the Committee recommended that the Board approve the amount of $1,367,700 (before recosting), representing an increase of $112,900 (or 9.0 per cent) compared with the appropriation for 2023 for the

secretariat of the Board. Most of this increase is for travel of members of committees of the Board, together with the increase proposed in paragraph 18 below.

18. The Committee also discussed the budgetary impact of implementing the Board's 2020 recommendation to harmonize the travel entitlements for members of the committees of the Board while performing their official duties in support of the Board, identifying related additional costs. Approval of the proposal by the Board would entail additional requirements in the amount of $81,100 (before recosting) under travel of representatives in the budget for the secretariat of the Board for 2024. This amount is included in the amount noted in paragraph 17 above.

3. Pension Administration

19. Having considered the budget proposal for 2024 for the Pension Administration, the Committee recommended approval of the amount of $70,734,800 (before recosting), representing an increase of $4,555,700 (or 6.9 per cent) compared with the appropriation for 2023 for the Pension Administration. Of the amount proposed, $8,652,000 would be directly chargeable to the United Nations for services related to the United Nations Staff Pension Committee.

20. The proposal for the Pension Administration reflects resource changes related to ongoing activities (core resources) and new initiatives (project resources). The requested increases comprise $790,700 (or 1.2 per cent) related to technical adjustments; $452,300 (or 0.7 per cent) related to continuing operations; and $3,312,700 (or 5.0 per cent) related to five new initiatives. The estimated costs of the new multi-year initiatives through to 2030 are shown in the annex to the Committee's report.

Post resources

21. The Committee discussed the following, reflecting an increase of nine posts (or 3.5 per cent), from 258 to 267, on a case-by-case basis and requested additional information where necessary:

(a) The proposed establishment of seven posts;

(b) The proposed redeployment of two posts (1 P-3 and 1 General Service (Other level));

(c) The proposed reclassification of three posts (1 P-4 to P-5, 1 P-3 to P-4 and 1 General Service (Other level) to General Service (Principal level));

(d) The proposed conversion of two general temporary assistance positions to posts.

22. The Committee noted that the proposed increase followed an increase of 4 posts (or 2.1 per cent) in 2021; 33 posts (or 16.7 per cent) in 2022; and 27 posts (or 11.7 per cent) in 2023, which represented an increase of 64 posts (or 33 per cent) over the previous three years. Now that most general temporary assistance positions covering core functions had been converted to posts, the Committee encouraged management to limit future post increases to the greatest extent possible and to make the most effective use of existing staff resources.

23. The Committee requested additional information on the request for additional post resources, including a comprehensive organization chart showing the existing capacity within each team, unit or section, as well as the proposed post changes. The Pension Administration provided further explanations regarding the proposed new posts and other post changes.

24. With regard to the establishment of a post of Senior Information Systems Officer (P-5) for business intelligence, the Committee was provided with an explanation of the unique role of the Senior Information Systems Officer, which could not be undertaken by staff members on existing posts. The Committee was also provided with an explanation regarding the role of the staff member on the existing P-3 post, who is currently performing the business intelligence function, and the role of the Chief Information Officer in the context of business intelligence support.

25. The Committee was also provided with further explanations regarding the establishment of a post of Procurement Officer (P-4), including specific examples of activities identified by OIOS that were found to have been inadequately carried out. OIOS had observed that a multiplicity of units were carrying out requisitioning, project management and contract management activities with minimal coordination and coherence and noted that the Pension Administration needed to rationalize the organizational structure in that area. The establishment of the post addressed that recommendation.

26. Upon enquiry, the Committee was informed that the proposed conversion of the two general temporary assistance positions was, in fact, approved in the 2022 budget to compensate for finance posts in Geneva which were reallocated to Client Services when the finance functions of the Pension Administration were centralized in the New York office. Although the positions were not approved for conversion in the 2023 budget proposal, the staff members occupying those positions continue to perform core long-term functions, contrary to the intended purpose of general temporary assistance positions.

27. The Committee enquired about the status of recruitment for posts that were approved in the 2022 and 2023 budgets. It was informed that all the new posts established in the 2022 budget were encumbered and all the general temporary assistance positions converted to posts in the 2022 budget were encumbered, except for one which had become vacant on 1 June 2023. Of the nine new posts established in the 2023 budget, three were encumbered and six were under recruitment, with onboarding expected in July and August 2023 for all the vacant posts. Of the 18 general temporary assistance positions converted to posts in 2023, 14 were encumbered and 4 were under recruitment, with onboarding expected in July and August 2023.

28. Upon request, the Pension Administration provided satisfactory justifications for all the proposed post changes.

29. The Committee noted that the proposed post count for 2024 for the Pension Administration, if approved, would represent a 40.5 per cent increase over the 2019 post count of 190.

30. The Committee enquired whether the Pension Administration had considered, in line with the Secretary-General's efficiency agenda, co-locating staff in the United Nations Global Service Centre or the Regional Service Centre in Entebbe, Uganda, where a significant number of participants are processed when joining or separating from the United Nations. It was further noted by the Committee that staff costs in those locations might be significantly lower than in New York and Geneva, thus potentially helping to contain expenditure. The Pension Administration advised that it regularly considered the location of offices and staff as part of its client service delivery model and, based on recent assessments, did not consider that estimates of critical workload numbers at this time justified co-locating staff at such locations.

31. The Committee also noted that, over the years, the Pension Administration's forecast of participant numbers for the following year and the year thereafter have generally been below the actual numbers. This is important as an indicator of workload with respect to the enrolment of new participants. The Fund experienced a

particularly sharp unforeseen increase in participant numbers in 2022. To the satisfaction of the Committee, the Pension Administration has now started engaging more closely with selected larger member organizations, including specialized agencies, joint programmes and other United Nations organizations, to better understand their staffing plans and policies, so as to provide more accurate near-term forecasts of participant numbers.

32. **Having carefully considered the proposed post changes and the additional information provided by the Pension Administration, the Committee recommended that the Board approve the post changes as presented in table 2 below.**

Table 2
Changes in post resources (Pension Administration)

Component	*Action*	*Post title*	*Category*	*Number*
Programme of work				
	Establishment	Senior Information Systems Officer	P-5	1
	Establishment	Information Systems Officer	P-4	1
	Establishment	Information Systems Officer	P-3	1
	Establishment	Senior Finance and Budget Assistant	GS (PL)	1
	Establishment	Benefits Assistant	GS (OL)	1
	Conversion	Accounting Assistant	GS (OL)	2
	Redeployment	Contract Management Officer	P-3	(1)
	Redeployment	Administrative Assistant	GS (OL)	(1)
	Reclassification	Senior Finance and Budget Officer	P-5	1
	Reclassification	Finance and Budget Officer	P-4	(1)
	Reclassification	Benefits Officer	P-4	1
	Reclassification	Benefits Officer	P-3	(1)
Subtotal				**5**
Programme support				
	Establishment	Procurement Officer	P-4	1
	Establishment	Administrative Assistant	GS (OL)	1
	Redeployment	Contract Management Officer	P-3	1
	Redeployment	Administrative Assistant	GS (OL)	1
	Reclassification	Senior Facilities Management Assistant	GS (PL)	1
	Reclassification	Facilities Management Assistant	GS (OL)	(1)
Subtotal				**4**
Total net change				**9**

Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

Non-post resources

33. The Committee considered the proposed non-post resources, including:

(a) General temporary assistance positions, including those proposed for conversion to posts;

(b) Other non-post resources.

34. The Pension Administration proposed a total of 18 general temporary assistance positions, of which 8 are for the five new initiative projects and 10 are in support of ongoing activities, in particular for temporary surges in workload. This represented an increase of 10 general temporary assistance positions (or 125 per cent) compared with the number approved for 2023. The Committee noted that in recent years the Fund had reduced the number of these positions from a high of 52 in 2021 to a low of 8 in 2023 as part of the comprehensive review of general temporary assistance positions mandated by the General Assembly in paragraph 8 of its resolution 75/246 and the regularization of such positions performing core functions as posts.

35. In its non-post resources, the Pension Administration clearly distinguished between continuing operations (core resources) and new initiatives (project-based and temporary resources).

36. The Committee was provided with detailed information on all of the general temporary assistance positions, including an organization chart showing those proposed for creation, conversion to posts, continuation and discontinuation.

37. The Committee was also provided, upon request, with detailed information on significant expenditure objects and analyses of historical data for general operating expenses (which include rent) and contractual services. The Committee noted that, overall, the proposed amount for general operating expenses for 2024 of $10,780,300 (before recosting) had increased by $53,700 (or 0.5 per cent) in comparison with the 2023 appropriation, indicating good containment of those expenses.

38. The Committee further noted that, overall, the proposed amount for contractual services for continuing operations for 2024 of $14,965,600 (before recosting) had decreased by $446,100 (or 2.9 per cent) in comparison with 2023, again indicating good cost containment. The main increase under this expense line arose from four new initiatives, amounting to $2,194,000, against which there was no 2023 appropriation. Total expenses proposed for contractual services for continuing operations and new initiatives amounted to $17,159,600.

39. In reviewing resources, the Committee noted that the information presented under new mandates primarily pertained to multi-year projects. Accordingly, the Committee requested a cost overview by expense line item for each project extending into the foreseeable future to allow it to better assess current costs and to anticipate and evaluate potential future costs associated with the implementation of those projects.

40. **The Committee recommended that future budget submissions provide, as supplementary information to the budget proposal, a high-level project document for each multi-year project, including a medium-term cost plan. This will provide increased transparency and foster better monitoring and reporting.**

41. The Committee noted increases under all items of expenditure except general operating expenses. This included particularly large percentage increases for relatively minor items such as staff travel and consultants. The Committee encouraged the Pension Administration to maintain tight control over those expenses.

42. **Having carefully considered the proposed non-post resources and the explanations provided by the Pension Administration, the Committee recommended that the Board approve non-post resources amounting to $33,320,000 (before recosting) and the general temporary assistance positions as presented in table 3.**

Table 3
General temporary assistance positions (Pension Administration)

Component	*Position title*	*Category*	*Number*
Programme of work			
	Information Systems Officer	P-3	2
	Change and Project Management Officer	P-3	1
	Accounting Assistant	GS (OL)	2
	Benefits Assistant	GS (OL)	11
	Information Systems Assistant	GS (OL)	1
Subtotal			**17**
Programme support			
	Human Resources Officer (Training and Development)	P-3	1
Subtotal			**1**
Total			**18**

Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

4. Office of Investment Management

43. Having considered the budget proposal for 2024 for the Office of Investment Management, the Committee recommended approval of the amount of $64,997,700 (before recosting), representing an increase of $8,347,900 (or 14.7 per cent) compared with the appropriation for 2023.

44. The Committee emphasized that the objective of the Office of Investment Management was to generate a long-term positive real rate of return of at least 3.5 per cent. Upon enquiry, the management of the Office provided an analysis indicating that that return had been achieved over horizons of 20 years and above, but not horizons of 15 years and below. The Committee discussed extensively the correlation between the increase in the budget of the Office and the need for resources to enable the Office to achieve the 3.5 per cent real rate of return to maintain the actuarial balance of the Fund.

Post resources

45. The Committee discussed the following, reflecting an increase of 17 posts (or 11.3 per cent) from 150 to 167, on a case-by-case basis and requested additional information where necessary:

(a) The proposed establishment of 10 posts;

(b) The proposed conversion of 7 general temporary assistance positions to posts;

(c) The proposed reclassification of one General Service (Other level) post as a General Service (Principal level) post.

46. The Committee noted that this increase followed a decrease of 2 posts (or 1.8 per cent) in 2021; an increase of 29 posts (or 26.9 per cent) in 2022; and an increase of 13 posts (or 9.5 per cent) in 2023, which represented a net increase of 40 posts (or 36.4 per cent) over the previous three years, although many of these were conversions of general temporary assistance positions.

47. In effect, for 2024, the combined increase in posts and non-post positions (i.e. general temporary assistance positions) was 10 (or 6.3 per cent).

48. The Committee took note of the Secretary-General's fiduciary responsibility and authority over investment decisions, as delegated to the Representative of the Secretary-General for the investment of the assets of the Fund. It reiterated its view that that authority and the related prerogatives must be respected and that no undue political or other influence should be allowed to affect decisions on investments management.

49. The Committee reviewed in detail the proposal to establish 10 new posts, convert all 7 general temporary assistance positions to posts and reclassify one post. The Committee requested additional information on post resources, including a comprehensive organization chart showing the existing capacity within each team, unit or section, as well as the proposed post changes. The Office of Investment Management provided further explanations regarding the proposed new posts and other post changes.

50. Upon enquiry regarding the rationale for the establishment of two posts for sustainable investing, the Committee was informed that, three years ago, the Fund had expanded its sustainable investment team from three to four, believing, based on the best information available to it at that time, that this would be sufficient to achieve its objectives. With a focus on sustainability, the Fund had joined the Net Zero Asset Owner Alliance and had since become a leading institutional investor in sustainable investing. Recently, the sustainable investment landscape had become more complex and intricate, with three significant developments that the Fund needed to address, namely: (a) adhering to the reporting requirements of the global sustainability standards; (b) the complex and not-yet-fully-understood interplay between environmental, social and governance and sustainability factors; and (c) implementation of the mandate of the General Assembly to include impact investing as part of the Fund's investment criteria. These resources were required to support environmental, social and governance issues in all investment activities and to support the integration of environmental, social and governance factors in the investment process.

51. The Committee discussed the need for additional resources for the Office of Investment Management and was informed that the recent asset and liability management study had projected the need for an investment portfolio of greater size and complexity in the long term. This would require a complementary growth in resources to manage and mitigate the risks associated with the portfolio.

52. Upon further enquiry, additional justifications were provided for the requested new posts. The Committee was informed that the new posts were primarily to support middle office and back-office functions, including legal and accounting functions associated with the investment strategies, in particular the level 3 (not actively traded) investments, which had increased significantly in recent years and required more complex valuation techniques, legal resources and risk management.

53. Upon enquiry about the status of recruitment for posts approved in the 2022 and 2023 budgets, the Committee was informed that, of a total of 21 new posts established and 21 general temporary assistance positions converted to posts (a total of 42 posts), only 4 posts were vacant. Those four posts were at various stages in the recruitment process, with onboarding expected soon.

54. The Committee noted that all seven general temporary assistance positions for 2023 were proposed to be converted to posts: one Risk Officer; three Accountants; two Associate Accountants; and one Senior Accounting Assistant. All seven of those positions had been carrying out core functions. Their conversions were part of the comprehensive review of general temporary assistance positions mandated by the General Assembly in paragraph 8 of its resolution 75/246, and the regularization of such positions performing core functions as posts.

55. The Committee took note that the proposed post count of 167 for 2024 for the Office of Investment Management, if approved, would represent an increase of 82 (or 96.5 per cent) since 2019. However, this was accompanied by a reduction in the number of general temporary assistance positions to zero from a high in 2019 of 19. The increase in combined staff numbers since 2019 was therefore 63, or 89.9 per cent and the increase since 2020 was 38, or 25.5 per cent.

56. Having carefully considered the proposed post changes and the explanations provided by the Office of Investment Management, **the Committee recommended that the Board approve the post changes as presented in table 4.**

57. Given the high level of contractual services in the budget for the Office of Investment Management, as discussed below under non-post resources, the Committee discussed the balance of posts versus contracting work out to service providers, particularly where institutional knowledge can easily be depleted. The Committee recognized the need, in some cases, to retain skills in-house and the delicate balance that may need to be struck.

Table 4
Changes in post resources (Office of Investment Management)

Component	*Action*	*Post title*	*Category*	*Number*
Executive direction and management				
	Redeployment	Senior Legal Officer	P-5	(1)
	Redeployment	Legal Officer	P-4	(1)
	Redeployment	Legal Officer	P-3	(2)
	Redeployment	Associate Legal Officer	P-2/1	(1)
	Redeployment	Legal Assistant	GS (OL)	(1)
Subtotal				**(6)**
Programme of work				
	Establishment	Investment Officer (Private Markets)	P-4	1
	Establishment	Investment Officer (Sustainable Investing)	P-4	1
	Establishment	Investment Officer (Sustainable Investing)	P-3	1
	Establishment	Legal Officer	P-4	1
	Establishment	Associate Legal Officer	P-2/1	1
	Establishment	Senior Information Assistant	GS (PL)	1
	Establishment	Information Technology Assistant	GS (OL)	1
	Establishment	Associate Human Resources Officer	P-2/1	1
	Establishment	Programme Management Officer	P-3	1
	Establishment	Associate Data Analyst	P-2/1	1
	Reclassification	Senior Human Resources Assistant	GS (PL)	1
	Reclassification	Human Resources Assistant	GS (OL)	(1)
	Conversion	Risk Officer	P-4	1
	Conversion	Accountant	P-3	3
	Conversion	Associate Accountant	P-2/1	2
	Conversion	Senior Accounting Assistant	GS (PL)	1
	Redeployment	Senior Legal Officer	P-5	1
	Redeployment	Legal Officer	P-4	1

Component	Action	Post title	Category	Number
	Redeployment	Legal Officer	P-3	2
	Redeployment	Associate Legal Officer	P-2/1	1
	Redeployment	Legal Assistant	GS (OL)	1
Subtotal				**23**
Total net change				**17**

Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

Non-post resources

58. The Committee considered the proposed non-post resources, including:

(a) General operating expenses;

(b) Contractual services.

59. Upon request, the Committee was provided with detailed information for significant expenditure objects and analyses of historical data for the general operating expenses (which include rent) and contractual services.

60. The proposed amount of $5,533,600 (before recosting) for general operating expenses represents an increase of $689,422 (or 14.3 per cent) compared with the 2023 appropriation that is adequately justified by increases in utility and facility-related costs.

61. Noting that contractual services for the Office exceeded staff costs, the Committee requested and received an analysis of the top 10 items under this category, showing the 2020 actual expenditure and appropriation, the 2023 appropriation and 2024 estimates before and after recosting. The proposed amount of $30,136,400 (before recosting) for 2024 under contractual services represents an increase of $5,395,400 (or 21.8 per cent) compared with the 2023 appropriation that is adequately justified by a combination of both increased prices and greater proposed utilization of such services. The main increases relate to business applications and market data services; external legal service advisers, consistent with the needs of the shift towards level 3 investments as recommended in the asset and liability management study; and non-discretionary advisers and external investment research. Upon enquiry, it was explained that the role of the external legal service advisers would not overlap with the proposed two new Legal Officers.

62. **Having considered the proposed non-post resources and the explanations provided by the Office of Investment Management, the Committee recommended that the Board approve non-post resources amounting to $37,829,500 (before recosting).**

63. The Committee noted that the Office of Investment Management had eliminated all general temporary assistance positions.

5. Audit

64. Having carefully considered the budget proposal for 2024 for audit costs, the Committee recommended approval of the amount of $2,212,000 (before recosting), representing an increase of $12,300 (or 0.6 per cent) compared with the appropriation for 2023. There are no proposed changes in the number of posts (6) and the number of general temporary assistance positions (2).

65. The Committee considered the budget proposal for audit costs, focusing in particular on the proposal for internal audit. The Committee noted that, while the Fund was growing in size and complexity, and by extension its risk exposure was increasing, the budget proposal for internal audit had remained relatively flat.

66. Upon enquiry about the adequacy of the proposed resources, the Committee was informed that the Internal Audit Division determined its resource needs by preparing a risk-based workplan on an annual basis, which took into account all the risk areas in the Fund that required internal audit coverage to provide assurance on the adequacy and effectiveness of the Fund's governance, risk management and control processes. The risk-based workplan (as well as the related resource requirements) was reviewed and endorsed by the Audit Committee on an annual basis. The Committee was informed that, while the Internal Audit Division monitored the ongoing changes in the Fund's operations, resource base and complexity, an increase in the resource levels of the Fund did not, in itself, automatically necessitate an immediate increase in internal audit resources, and that the resources requested in the 2024 budget were considered adequate for providing internal audit coverage of key risk areas of the Fund during 2024.

67. The Committee encouraged the Fund management to enhance its utilization of the services provided by the internal audit function by actively proposing areas that require auditing. This proactive approach would involve management suggesting specific areas of focus, rather than relying solely on the independent judgment of OIOS to determine areas to be audited. By engaging in this collaborative process, the Committee aimed to promote a more targeted and effective internal audit coverage aligned with the Fund's priorities and objectives.

68. For future budget proposals, the Committee would like to request the participation of OIOS in the Committee's hearing on the budget proposal for internal audit, consistent with the current practice by the secretariat of the Pension Board, the Pension Administration and the Office of Investment Management.

6. Conclusion

69. The Committee urged the Fund management to optimize the utilization of its resources, including for travel and consultants, by prioritizing efficiency and effectiveness and by leveraging technology and in-house capabilities to achieve cost savings.

70. Table 5 reflects a summary of resource changes recommended by the Committee.

Table 5
Estimates recommended for 2024

	Resources (before recosting) (Thousands of United States dollars)			*Number of posts*	
		Budget Committee			
	Fund's proposal	*Changes*	*Estimates*	*Fund's proposal*	*Budget Committee*
Secretariat of the Pension Board	1 286.6	81.1	1 367.7	3	3
Pension Administration	70 734.8	–	70 734.8	267	267
Office of Investment Management	64 997.7	–	64 997.7	167	167
Audit	2 212.0	–	2 212.0	6	6
Total	**139 231.1**	**81.1**	**139 313.2**	**443**	**443**

7. General observations

71. The Committee drew the attention of the Board to paragraph 12 of section XIII of General Assembly resolution 76/246, in which the Assembly emphasized that the budget of the Fund should be accountable to all stakeholders, including beneficiaries and the member organizations, and encouraged the Board to strengthen the functions of the Budget Committee with the aim of ensuring proper oversight of the resource requirements in the light of the operational needs and budget accuracy of the Fund.

72. The Committee noted that 2023 was the second year in which it had functioned as a fully-fledged Committee, having succeeded its predecessor organ, the ad hoc Budget Working Group, which had been established annually. The Committee had further enhanced the working methods initially adopted by the Budget Working Group. This included in-depth discussions on the budget proposals well ahead of the July Board meeting to afford members of the Committee the necessary time to properly examine management's budget proposal and to allow them sufficient time for adequate discussion and consideration of additional information.

73. The Committee now enjoyed continuity of membership that was not possible with an ad hoc annual working group. The retention of institutional knowledge made possible by this continuity and the qualifications of the members engendered a high level of professional engagement, thus ensuring a greater level of trust in what is a more robust process and inevitably an improved level of governance and oversight.

74. The Committee, under the guidance of the Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly, would continue to explore ways to further improve its working methods to ensure proper oversight and accountability for the resources of the Fund.

75. The Committee acknowledged the quality of the Fund's information as provided by both the Pension Administration and the Office of Investment Management, the prompt and comprehensive responses to the Committee's enquiries and the invaluable support provided by the secretariat of the Board.

C. Introduction of the annual budget cycle for the United Nations Joint Staff Pension Fund

76. The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investments of the Fund proposed amendments to article 15 (b) of the Regulations of the Fund and financial rules C.11 (a), E.1, E.5 and E.6 of the Financial Rules of the Fund, in order to adopt an annual budget cycle for the Fund, consistent with the change from a biennial to an annual budget cycle for the United Nations, as approved by the General Assembly in its resolution 77/267.

77. The Committee reviewed the proposed changes to article 15 (b) of the Regulations and the related sections of the Financial Rules. After discussion of the relative benefits of the different budget cycles and recent experience, the Committee unanimously supported the change, in alignment with that of the United Nations. It was noted that the annual budget cycle also aligned with the annual financial reporting cycle under IPSAS. With regard to the transfer of budget appropriations between the respective parts of the Fund – in particular between the Pension Administration and the Office of Investment Management – by management without prior approval of the Board and authorization by the General Assembly, the Committee was of the view that the respective appropriations reflected the budgets pertaining to specific and distinct activities in the Fund's overall programme. The Committee therefore concluded that such transfers should remain under the purview of the Board and the

General Assembly and that the annual budget cycle provided sufficient flexibility for the Fund to make adjustments to the budgets should the need arise.

78. **The Committee recommended approval of the introduction of the annual budget cycle through the proposed amendments to article 15 (b) of the Regulations of the Fund and financial rules E.1, E.5 and E.6 of the Financial Rules of the Fund, in order to reflect an annual budget cycle. The proposed amendments to financial rule C.11 (a) were not supported by the Committee.**

Annex

Cost overview of new Pension Administration multi-year initiative projects, 2022–2030

(United States dollars)

	2022–2023	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*Total*
Kofax, phase 2									
Contractual services									
Design		38 400	74 100	–	–	–	–	–	112 500
Consulting/project management	–	49 100	7 600	–	–	–	–	–	56 700
Configuration/development	–	152 500	22 500	–	–	–	–	–	175 000
Subtotal	**–**	**240 000**	**104 200**	**–**	**–**	**–**	**–**	**–**	**344 200**
Replacement of financial systems									
Contractual services									
Software (financial suite license/subscription)	–	250 000	250 000	250 000	–	–	–	–	750 000
Contractual consultancy services									
Implementation and customization	–	250 000	250 000	250 000	–	–	–	–	750 000
Subtotal	**–**	**500 000**	**500 000**	**500 000**	**–**	**–**	**–**	**–**	**1 500 000**
Customer relationship management (CRM)	**2 000 000**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	2 000 000
General temporary assistance	**–**	**374 900**	**374 900**	**374 900**	**–**	**–**	**–**	**–**	1 124 700
Project/Change Management Officer (P-3)	–	185 700	185 700	185 700	–	–	–	–	557 100
Backfill for staff involved in CRM deployment (2 GS (OL))	–	189 200	189 200	189 200	–	–	–	–	567 600
Travel (for training and CRM-related activities)	–	45 900	–	–	–	–	–	–	45 900
Contractual services	**–**	**600 000**	**760 000**	**600 000**	**600 000**	**600 000**	**600 000**	**600 000**	4 350 000
Design/business process re-engineering		50 000	50 000	–	–	–	–	–	100 000
Change management training	–	160 000	110 000	–	–	–	–	–	270 000
CRM initial maintenance support	–	390 000	600 000	600 000	600 000	600 000	600 000	600 000	3 990 000
Subtotal	**2 000 000**	**1 020 800**	**1 134 900**	**974 900**	**600 000**	**600 000**	**6000 000**	**600 000**	**7 530 600**

	2022–2023	*2024*	*2025*	*2026*	*2027*	*2028*	*2029*	*2030*	*Total*
Support to all projects									
General temporary assistance									
Project support/application testing (1 P-3)	–	185 700	185 700	–	–	–	–	–	371 400
Consultant for process review and re-engineering, scoping and planning	–	83 200	–	–	–	–	–	–	83 200
Contractual services									
External project management support	–	654 000	654 000	654 000	–	–	–	–	1 962 000
Project management and integration software tool	–	200 000	200 000	200 000	–	–	–	–	600 000
Subtotal	**2 000 000**	**1 020 800**	**1 134 900**	**974 900**	**–**	**–**	**–**	**–**	**7 530 600**
Data cleansing									
Benefits Assistant (3 GS (OL))	–	283 800	283 800	283 800	–	–	–	–	851 400
Accounting Assistant	–	94 600	94 600	94 600	–	–	–	–	283 800
Configuration/development	–	50 500	50 500	50 500	–	–	–	–	151 500
Subtotal	**–**	**428 900**	**428 900**	**428 900**	**–**	**–**	**–**	**–**	**344 200**
Total	**2 000 000**	**3 312 000**	**3 207 700**	**2 797 800**	**600 000**	**600 000**	**600 000**	**600 000**	**13 678 200**

Abbreviation: GS (OL), General Service (Other level).

Annex VI

Report of the Board of Auditors on the financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2022

Letters of transmittal

Letter dated 31 May 2023 from the Chief Executive of Pension Administration of the United Nations Joint Staff Pension Fund and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

In accordance with financial rule G.5 of the United Nations Joint Staff Pension Fund, we have the honour to transmit the financial statements of the Fund for the year ended 31 December 2022, which we hereby approve. The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund approved the financial statements for their respective areas of responsibility. The financial statements have been completed and certified by the Chief Financial Officer of the Fund as correct in all material respects.

(*Signed*) Rosemarie **McClean**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

(*Signed*) Pedro **Guazo**
Representative of the Secretary-General for the investment
of the assets of the United Nations Joint Staff Pension Fund

Note: The present annex reproduces the letters of transmittal and chapters I and II of the financial report and audited financial statements for the year ended 31 December 2022 and report of the Board of Auditors on the United Nations Joint Staff Pension Fund (A/78/5/Add.16).

Letter dated 26 July 2023 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2022.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the United Nations Joint Staff Pension Fund, which comprise the statement of net assets available for benefits (statement I) as at 31 December 2022, the statement of changes in net assets available for benefits (statement II), the cash flow statement (statement III), and the statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2022 (statement IV), as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2022 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26.

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing and the International Standards of Supreme Audit Institutions. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the Fund in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and the auditor's report thereon

The Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, within their respective authority under the Regulations of the Fund, are responsible for the other information, which comprises the financial report for the year ended 31 December 2022, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Chief Executive of Pension Administration and the Representative of the Secretary-General, within their respective authority under the Regulations of the Fund, are responsible for the preparation and fair presentation of the financial statements in accordance with International Accounting Standard 26 and IPSAS and for such internal control as the management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the ability of the Fund to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting unless the management intends either to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Fund.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Fund;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

(d) Draw conclusions as to the appropriateness of the management's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the Fund to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the transactions of the Fund that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and the financial rules of the Fund and their legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the Fund.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
(Lead Auditor)

(*Signed*) Pierre **Moscovici**
First President of the Court of Auditors of France

26 July 2023

Chapter II
Long-form report of the Board of Auditors

Summary

The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and other organizations admitted to the membership of the Fund. It is administered by the United Nations Joint Staff Pension Board.

The Board of Auditors audited the financial statements of the Fund and reviewed its operations for the year ended 31 December 2022 in accordance with General Assembly resolutions 74 (I) of 1946 and 680 (VII) of 1952 and in conformity with article VII of the Financial Regulations and Rules of the United Nations and the International Standards on Auditing. The interim audit was carried out from 3 October to 4 November 2022, and the final audit was conducted from 1 May to 1 June 2023, both at the Fund's headquarters in New York.

Scope of the report

The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly and have been discussed with the management of the Fund, whose views have been appropriately reflected.

The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements present fairly the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2022 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26. The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements.

The Board also reviewed the Fund's operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations, which allows the Board to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of operations.

The Board also reviewed a detailed follow-up of actions taken in response to recommendations made in previous years.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2022 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with IPSAS and International Accounting Standard 26.

Overall conclusion

The Fund has prepared its financial statements in accordance with International Accounting Standard 26 and following the provisions of IPSAS since 2012. The Fund has incorporated the guidance from International Accounting Standard 26 into its financial policies. Its financial presentation is based on that guidance, and additional information is presented where requested by IPSAS.

The Board did not identify significant errors, omissions or misstatements from the review of the financial records of the Fund for the year ended 31 December 2022. However, the Board identified scope for improvement in the implementation of environmental, social and governance metrics, the gender balance strategy and the overpayments write-off criteria.

As at December 2022, the total assets of the Fund amounted to $78.61 billion, and the total liabilities amounted $0.69 billion. Net assets available for benefits totalled $77.92 billion.

The Fund's total value of investments as at 31 December 2022 amounted to $77.44 billion. During 2022, the investments experienced significant underperformance owing to macroeconomic factors and industry-specific challenges, which led to a decrease of $13.54 billion in the net assets available for benefits.

Key findings

The Board's key findings are as follows:

Office of Investment Management

Need to strengthen climate action-related pillars

The Board reviewed the implementation of the recommendations of the Task Force on Climate-related Financial Disclosures, and it was observed that the sustainable investment approach was not addressed by the Internal Investment Committee. In addition, the sustainable investment team designed a workplan to address the sustainable investing strategy, but without detailing the specific activities, staff responsible, goals, benchmarks and deadlines for compliance with the broad topics established in its strategic plan for 2022–2023 and the recommendations and targets to which it committed. The Office of Investment Management provided the list of engagements for which commitments had been made for closure by 2025 which did not have a timeline that could clarify how the closure of those engagements would be achieved and what the strategy in this matter would be.

Deficiency in the integration of environmental, social and governance factors

The Board reviewed a sample of investment purchases, and it was observed that there were transactions without the investment rationale analysis on environmental, social and governance matters completed by the Office of Investment Management. For the sample of fixed-income transactions, it was noted that the Office did not use the environmental, social and governance dashboard, and that there was no investment recommendation made by the Office and no investment rationale analysis on environmental, social and governance matters.

In addition, the Board reviewed the Office's environmental, social and governance reports for the first and second quarters of 2022 for equities issued, which showed that there were securities with reports indicating that they had the highest carbon emissions and low Morgan Stanley Capital International environmental, social and governance ratings, and that some companies presented high-impact controversies, with red or orange flags in the first quarter.

Main recommendations

On the basis of the audit findings, the Board recommends that the Office of Investment Management:

Need to strengthen climate action-related pillars

(a) **Strengthen the role of the Internal Investment Committee to oversee the Office's approach to sustainable investment;**

(b) **Develop and implement a workplan to address and close the 70 engagements committed to, and to include the metrics and targets to meet the objective of reduced financed emissions in other asset classes by 2025, with the purpose of complying with the Net-Zero Asset Owner Alliance timetable committed to;**

Deficiency in the integration of environmental, social and governance factors

(c) **Revise and adjust the current sustainable investing implementation guidelines to ensure that the activities to be considered are aligned with the nature of the investment and the current operation for each asset class;**

(d) **Strengthen and evaluate its current monitoring mechanism to ensure that the environmental, social and governance metrics are being effectively integrated into the investment decision-making process, in order to comply with the investment policy statement and environmental, social and governance guidelines.**

Follow-up of previous recommendations

The Board noted 35 outstanding recommendations up to the period ended 31 December 2021, of which 29 (83 per cent) had been implemented and 6 (17 per cent) were under implementation.

Key facts	
25	Number of member organizations
143,612	Participants in the Fund
83,988	Periodic benefits
$78.61 billion	Total assets
$77.92 billion	Net assets available for benefits
($13.46 billion)	Investment loss
$3.13 billion	Pension contributions and other income (other than investments)
($3.21 billion)	Benefit payments and expenses

A. Mandate, scope and methodology

1. The United Nations Joint Staff Pension Fund was established in 1949 by the General Assembly to provide retirement, death, disability and related benefits for the staff of the United Nations and other organizations admitted to the membership of the Fund. It is administered by the United Nations Joint Staff Pension Board and currently has 25 participating organizations, including the United Nations. The Fund is a multiple-employer defined benefit plan.

2. The Board has audited the financial statements of the Fund and has reviewed its operations for the year ended 31 December 2022 in accordance with General Assembly resolutions 74 (I) of 1946 and 680 (VII) of 1952. The audit was conducted in conformity with article VII of the Financial Regulations and Rules of the United Nations and the International Standards on Auditing. Those standards require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

3. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the net assets available for benefits of the United Nations Joint Staff Pension Fund as at 31 December 2022 and the changes in net assets available for benefits and its cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26. The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations as well as the International Standards on Auditing and the International Standards of Supreme Audit Institutions. This included an assessment of whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether income and expenses had been properly classified and recorded.

4. The audit included a general review of the financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to form an opinion on the financial statements

5. The Board also reviewed Fund operations under regulation 7.5 of the Financial Regulations and Rules of the United Nations. This requires that the Board make observations with respect to the efficiency of the financial procedures, the accounting system and the internal financial controls and, in general, the administration and management of Fund operations.

6. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly. The Board's observations and conclusions were discussed with the management of the Fund, whose views have been appropriately reflected in the report.

B. Findings and recommendations

1. Follow-up of previous recommendations

7. The Board verified the status of implementation of previous years' recommendations for the period ended 31 December 2021. Of the 35 outstanding recommendations, the Fund had implemented 29 (83 per cent), and 6 (17 per cent) were under implementation. A detailed status and progress of all previous outstanding recommendations are given in the annex to chapter II and in table II.1.

Table II.1
Status of implementation of recommendations

Report and audit year	*Number of recommendations*	*Recommendations pending as at 31 December 2021*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2022*
A/73/5/Add.16, chap. II (2017)	41	1	1	–	–	–	–
A/74/5/Add.16, chap. II (2018)	–	–	–	–	–	–	–
A/75/5/Add.16, chap. II (2019)	44	4	4	–	–	–	–
A/76/5/Add.16, chap. II (2020)	28	9	7	2	–	–	2
A/77/5/Add.16, chap. II (2021)	21	21	17	4	–	–	4
Total	**134**	**35**	**29**	**6**	**–**	**–**	**6**

8. The Board considers that an 83 per cent rate of implementation indicates a strong commitment of the Fund to managing long-standing recommendations. The Board acknowledges the management's efforts and encourages the Fund to go further with the implementation process, in particular for those recommendations related to budgetary matters included in the report for 2021 (A/77/5/Add.16, chap. II), which will help the Fund by presenting improved budget proposals.

2. Financial overview

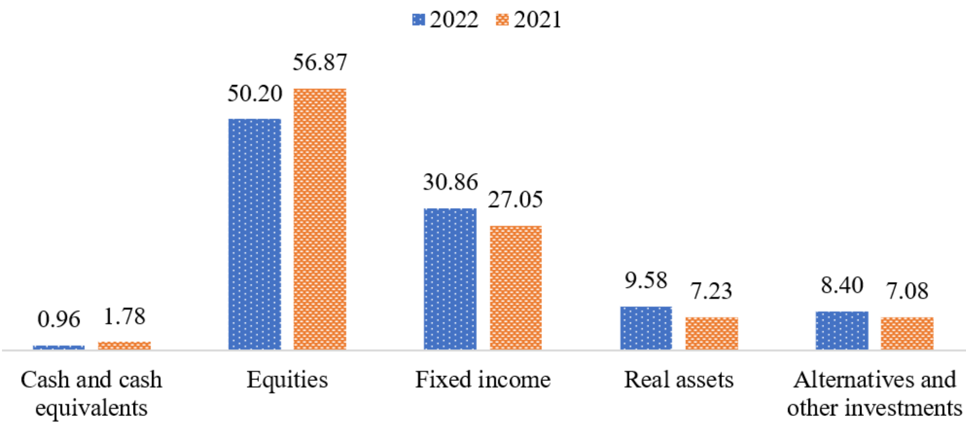
9. As at December 2022, the total assets of the Fund amounted to $78.61 billion (2021: $91.77 billion) and the total liabilities amounted to $0.69 billion (2021: $0.31 billion). The increase in liabilities is due to purchases traded at year end that were paid in January 2023. Net assets available for benefits totalled $77.92 billion (2021: $91.46 billion), decreasing by $13.54 billion (14.81 per cent) compared with the increase of $9.95 billion in 2021.

10. The Fund assets consist mainly of investments, representing 98.51 per cent of the total assets, whose fair value as at 31 December of 2022 was $77.44 billion, and cash and cash equivalents totalled $0.75 billion (2021: $1.63 billion). The asset class allocation was $39.25 billion (50.20 per cent) in equities, $24.13 billion (30.86 per cent) in fixed income, $7.49 billion (9.58 per cent) in real assets and $6.57 billion (8.40 per cent) in alternative investments. The percentage share of each component of investment, compared with 2021, is shown in figure II.I.

Figure II.I

Share of components in the fair value of investments and cash and cash equivalents in 2022, compared with 2021

(Percentage)

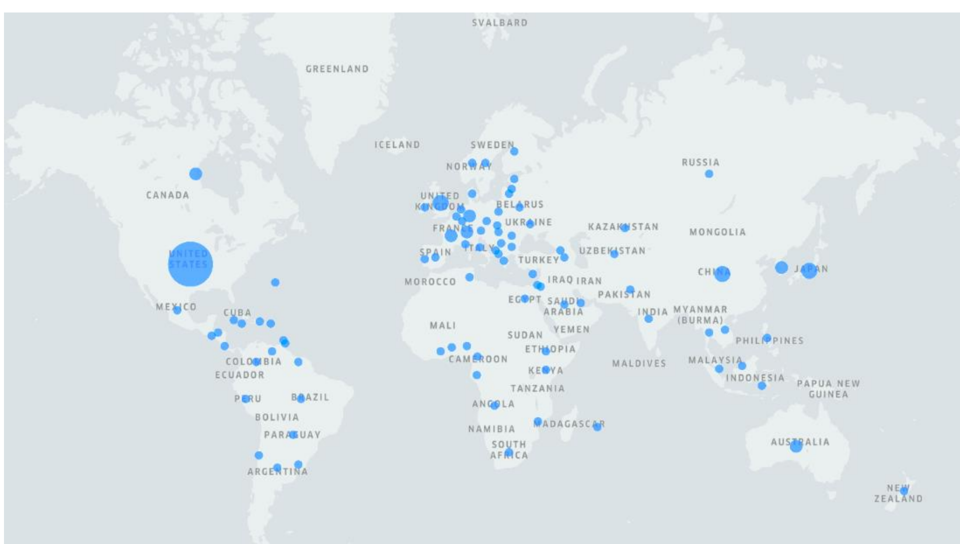


Source: United Nations Joint Staff Pension Fund financial statements.

11. As at 31 December 2022, investments were distributed in more than 90 countries. The largest concentration of investments was allocated in the United States of America, corresponding to 70.92 per cent of total investments, followed by Japan with 3.82 per cent, China with 3.12 per cent and the United Kingdom of Great Britain and Northern Ireland with 3.11 per cent. The geographical distribution of the portfolio (by counterparty's place of primary listing) is illustrated in figure II.II. Consequently, most investments were allotted to North America (72.76 per cent), Europe (11.47 per cent) and Asia and the Pacific emerging markets (6.93 per cent).

Figure II.II

Geographical distribution of investments as at 31 December 2022, by counterparty's place of primary listing



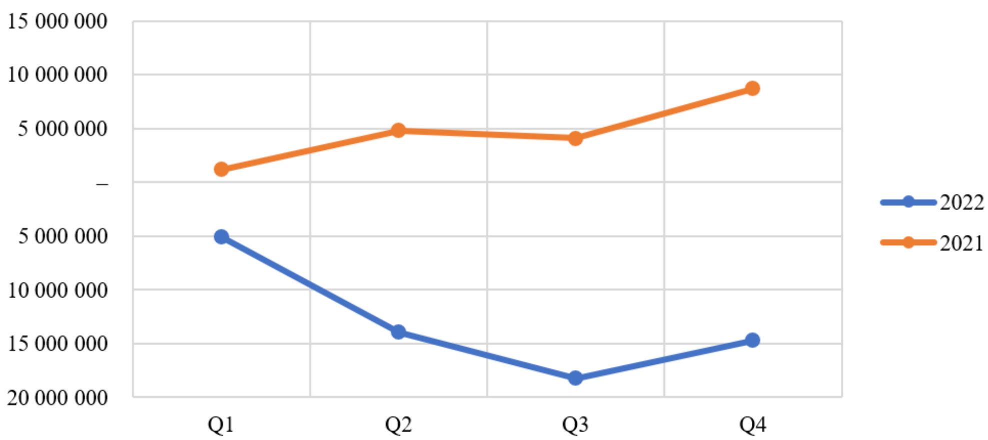
Source: Based on data extracted from the investment portfolio.

12. During 2022, the investments experienced significant underperformance, due primarily to a combination of macroeconomic factors and company-specific challenges. The global economy faced a series of uncertainties, including geopolitical tensions, trade disputes and concerns over rising inflation, which had an impact on the financial markets.

13. As a consequence, the value of total investments of the Fund as at 31 December 2022 dropped by $12.42 billion, a decrease of 13.82 per cent in comparison with the prior year, owing the depreciation in fair value ($14.74 billion), offset by interest income ($0.59 billion) and income from unitized real estate funds ($0.1 billion). The observed outcome can be attributed primarily to a decline in the fair value of equities, with a notable concentration in six countries, prominently led by the United States, due to the effects of the aforementioned macroeconomic factors. Quarterly accumulated deviations of the fair value of investments are illustrated in figure II.III.

Figure II.III
Quarterly accumulated deviations of the fair value of investments in 2022, compared with 2021

(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

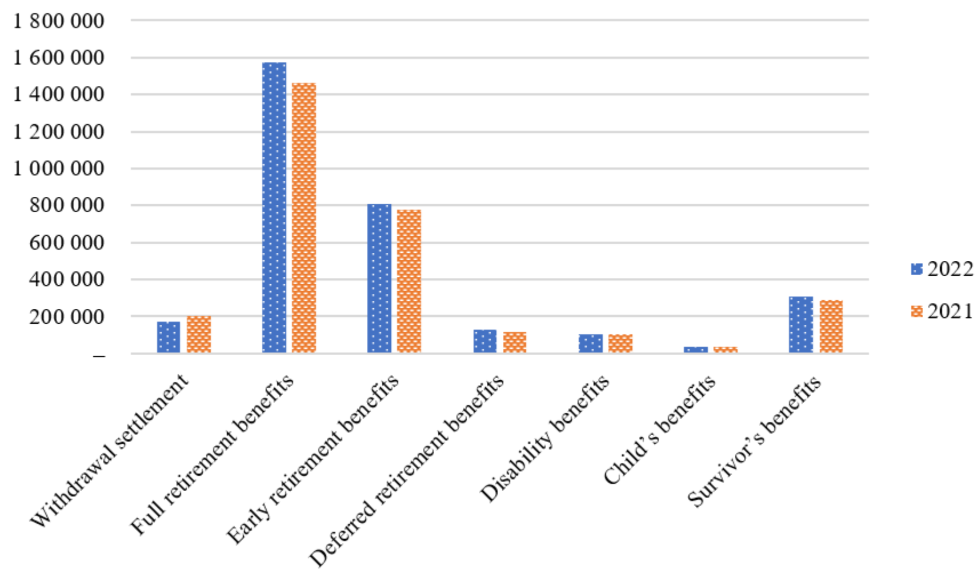
14. Total investment loss of the Fund was $13.45 billion (investment income in 2021: $10.05 billion), including depreciation in the fair value of investments of $14.74 billion (appreciation in the fair value in 2021: $8.71 billion), which includes foreign exchange income of $1.08 billion (2021: $0.97 billion). Historically, appreciation/depreciation in the fair value of the Fund's investments has been the driving force for investment income. The other components of income loss have in large part remained constant.

15. Other components of the changes in net assets available for benefits were income from services provided to the United Nations ($8.30 million), administrative expenses ($83.04 million) and other expenses ($1.67 million).

Participants and benefits

16. As at 31 December 2022, the Fund had 143,612 participants (2021: 137,261 participants) and 83,988 beneficiaries (2021: 82,312 beneficiaries). Pension contributions amounted to $3.12 billion (2021: $2.97 billion), and the annual payment of periodic benefits made by the Fund amounted to $3.13 billion (2021: $2.98 billion) and were issued in 17 currencies in some 190 countries. The benefits paid by type of benefit in 2022 and 2021 are shown in figure II.IV.

Figure II.IV
Benefits paid in 2022 by type of benefit, compared with 2021
(Thousands of United States dollars)



Source: United Nations Joint Staff Pension Fund financial statements.

Financial statements

17. Various suggestions made by the Board for the enhancement of disclosures of the financial statements were reflected in the final version of the statements.

3. Office of Investment Management

Need to strengthen climate action-related pillars

18. The efforts of the United Nations to combat global climate change are diverse and different in nature, strategies and approaches. They involve multiple United Nations entities and competing priorities in terms of budget, time and expertise.

19. As part of these initiatives, at the 2019 Climate Action Summit, the Secretary-General launched the Net-Zero Asset Owner Alliance, an international group of institutional investors committed to transitioning their investment portfolios to net-zero greenhouse gas emissions by 2050. The Office of Investment Management joined the Alliance in 2020.

20. Since 2019, the Office has integrated environmental, social and governance elements into its investment policy statement, to underline the Fund's commitment to the integration of environmental, social and governance factors into its activities.

21. In addition, in 2020, the Office committed to disclosing its internal processes, commitments and actions for evaluating and acting on climate change by implementing the recommendations made by the Task Force on Climate-related Financial Disclosures, an advisory body set up by the Group of 20 to address concerns about the insufficient disclosure of climate-related risks and opportunities for businesses.

22. The Task Force set up 11 recommendations to help businesses to disclose climate-related financial information by disclosing clear, comparable and consistent information about the risks and opportunities presented by climate change, in line with the organizations' strategies and risk management processes, which are

structured around four thematic pillars: governance, strategy, risk management, and metrics and targets. The adoption of these recommendations will also help organizations to better demonstrate responsibility and foresight in their consideration of climate issues, which will lead to smarter and more efficient allocation of capital, and help to smooth the transition to a more sustainable, low-carbon economy. The Office issued its first report on the Task Force in 2021.

23. From the review of the implementation of the Task Force recommendations, grouped by pillar, the Board observed the following:

(a) Concerning the governance pillar, the climate-related decision-making of the Office followed a well-structured channel of oversight and accountability that included different governing authorities and culminated with the Secretary-General, as described in the Office's report on the Task Force in 2021. In this regard, the following issues were detected:

(i) The sustainable investing team, responsible for the day-to-day sustainable activities of the Office and for coordinating those activities with various stakeholders involved in the sustainable investing process, designed a workplan to address the sustainable investing strategy. However, the workplan did not detail the specific activities, staff responsible, goals, benchmarks and deadlines for compliance with the broad topics established in the sustainable investing team's strategic plan for 2022–2023 and the recommendations and targets committed to by the Task Force;

(ii) The environmental, social and governance rules and objectives were not fully complied with for each asset class, in accordance with the Office's environmental, social and governance guidelines established in 2020. It should be mentioned that the Office's risk and compliance team was in charge of ensuring and monitoring whether internal environmental, social and governance rules and objectives were respected, including climate-related topics;

(iii) The role of the Internal Investment Committee was to oversee and recommend the Office's approach to sustainable investment and ensure that responsible investment principles were incorporated into investment activities. However, as verified in its monthly minutes from January to August 2022, the sustainable investing approach was not addressed by the Committee;

(b) As for the risk management pillar, the Office has incorporated in-house methodologies and third parties to identify risks and has used engagements in transitioning companies to manage climate risks and take advantage of climate opportunities. The Office provided a list of 70 engagements for which commitments had been made for closure by 2025, detailing the progress made as at 31 August 2022, but it did not present a timeline that could clarify how it would achieve closure of those engagements and what the strategy would be. It should be noted that up to August 2022 only 13 engagements had been completed, which began to be established in 2019 and 2020. Likewise, it was observed that the Office did not have established goals each year to meet the number of engagements committed to by 2025, and had not prioritized closing the engagements with companies that had had deficient environmental, social and governance ratings or had been involved in high-impact controversies. Moreover, for cases in which closing would not be feasible during that period, the Office did not define an alternative plan;

(c) Regarding the metrics and targets pillar, the Office used emissions metrics and targets to meet the objective of reducing financed emissions[1] in its equity and

[1] Financed emissions are greenhouse gas emissions associated with the financing and investing activities made by an organization.

corporate bonds portfolios by 29 per cent in 2021 and by 40 per cent by 2025, compared with 2019 levels. Nevertheless, in the third quarter of 2022, the measurement included only the equities portfolio, even though it should also have included the corporate bond portfolio. It is worth mentioning that the exclusion of the corporate bond portfolio is not aligned with the emissions metrics and targets committed to by the Task Force on Climate-related Financial Disclosures and the Net-Zero Asset Owner Alliance.

24. In connection with the metrics and targets pillar, as with the Net-Zero Asset Owner Alliance, the Office was planning to extend the scenario analysis on reducing the greenhouse gas footprint by 2025 over the major asset classes. In this context, it was noted that up to August 2022 there was no workplan established to include other asset classes in the short term.

25. The Board acknowledges the progress on sustainability matters made by the Fund, which has officially included a sustainable approach in its investment policy and has voluntarily joined alliances to make a contribution to environmental, social and governance, resulting in the Fund being ranked first on the leaders list in 2021–2022 Responsible Asset Allocator Initiative Index and Leaders List Report, recognizing the Fund’s leadership in responsible investing.

26. However, the Board is of the view that the governance pillar should be strengthened to effectively manage climate-related risks and opportunities in order to be aligned with the Office’s sustainable investing approach.

27. Regarding the risk management pillar, the Board is concerned that the lack of a clear strategy, workplan and goals, as well as the complexity, time and resources required to close engagements, may lead to difficulties in meeting the 70 engagements committed to by 2025. However, the Board encourages the Office to continue its efforts to engage with companies to manage climate risks.

28. In addition, with respect to the metrics and targets pillar, the Board considers that the Office should move forward and work on extending the metrics and targets to the major asset classes and disclose the current asset class emissions measured in 2022 in order to assess climate-related risks and opportunities in line with the investment strategy and risk management processes.

29. **The Board recommends that the Office of Investment Management strengthen the role of the Internal Investment Committee to oversee the Office’s approach to sustainable investment.**

30. **The Board recommends that the Office of Investment Management sustainable investing team complement the current workplan, including activities, staff responsible, goals, benchmarks and deadlines, to comply with the broad topics established in its strategic plan for 2022–2023 and the recommendations and targets committed to by the Task Force on Climate-related Financial Disclosures.**

31. **The Board recommends that the Office of Investment Management develop and implement a workplan to address and close the 70 engagements committed to, and to include the metrics and targets to meet the objective of reduced financed emissions in other asset classes by 2025, with the purpose of complying with the Net-Zero Asset Owner Alliance timetable committed to.**

32. The Office of Investment Management accepted the recommendations.

Deficiency in the integration of environmental, social and governance factors

33. Under the Sustainable Development Goals, in particular Goal 17 on partnerships for the Goals, and the need for the global community to engage investors in global

issues, the Office's sustainable investing approach seeks to promote sustainable business practices and stewardship that advocates the improvement of the environment, fair labour practices, non-discrimination and the protection of human rights, and references such internationally recognized sustainability-related initiatives as principles for responsible investment and the United Nations Global Compact.

34. In 2019, the Office established the sustainable investing implementation guidelines for each asset-class portfolio, since each portfolio has a unique nature of investment processes, opportunities and risks posed by environmental, social and governance factors.

35. The sustainable investing approach approved in September 2022 in the investment policy statement is aligned with its fiduciary duty and responsibility and includes material environmental, social and governance considerations that are currently in the process of being integrated throughout the investment decision-making process.

36. In addition, through its engagement and proxy voting partners, the Office regularly engages with the management of invested companies on issues related to environmental, social and governance and the resolution thereof. By exercising proxy voting power and shareholders' rights as well as by collaborating with other stakeholders of the invested companies, the Office seeks to influence the companies to improve their environmental, social and governance practices.

37. The Board reviewed a sample of 19 of the 278 new investment instruments on the portfolio, which amounted to $471,928,029.65 as at 31 August 2022, to verify that the environmental, social and governance factors had been integrated throughout the investment decision-making process under the sustainable investing implementation guidelines established by the Office for each asset class portfolio, as follows:

(a) In a sample of eight global public equities transactions, it was observed that:

(i) None of the transactions had the investment rationale analysis on environmental, social and governance matters completed by the Office;

(ii) For six transactions, the environmental, social and governance analysis by Bloomberg differed by more than three months from the analysis to the date on which the transaction was finally traded;

(iii) Even though the environmental, social and governance metric was one of the factors to consider at the moment of investing, the Board noted that:

a. Five transactions had a medium or low rating on the Morgan Stanley Capital International environmental, social and governance rating analysis;

b. There were five companies in which the Office had invested that were involved in disputes such as anti-competitive practices, impacts on local communities, environment, customers, labour rights and human rights impacts, labour management relations and supply chain management;

c. The Office had invested in two companies that were on the watch list according to the Morgan Stanley Capital International United Nations Global Compact index;

(iv) For four transactions, no priority proxy voting had been carried out, or no shares were held at the time of voting;

(v) Four transactions had no sustainable engagement made up to date;

(vi) For the small caps equities transaction, managed by external managers, the Office had evaluated whether the external manager had an environmental, social and governance policy, but did not carry out the assessment on the company in which the external manager had invested;

(b) In a sample of eight fixed-income transactions, it was noted that:

(i) The Office did not use the environmental, social and governance dashboard (which includes environmental, social and governance metrics from different environmental, social and governance data providers at the global-level corporate issuer), even though the guideline states that such a dashboard would help the fixed income investment analysis;

(ii) No transactions had an investment recommendation made by the Office or an investment rationale analysis on environmental, social and governance matters;

(iii) The Morgan Stanley Capital International environmental, social and governance rating analysis and the Sustainable Accounting Standards Board materiality matrix were not used, as established in the guidelines as part of the environmental, social and governance themes/topics to be considered;

(iv) Regarding the issuer analysis, there was no evidence of the review having been carried out as established in the guideline;

(v) Regarding sustainability engagement, two transactions did not have an engagement in force;

(c) In a sample of three alternative and other investments, it was observed that:

(i) Although the Office should make a presentation for approval for co-investments, for two co-investments, such presentations did not include an environmental, social and governance analysis;

(ii) For the other investment, the Sustainable Accounting Standards Board materiality matrix had not been used in the environmental, social and governance analysis;

(iii) Up to 31 August 2022, no engagements had been made for alternative and other investments.

38. In addition, the Board reviewed the Office's environmental, social and governance reports for equities issued in the first and second quarters of 2022, which showed the situation of the securities that were in the portfolio up to that date, to evaluate the investment decisions in that regard. The following details were identified in the reports:

(a) At least 29 securities had the highest carbon emissions as well as low Morgan Stanley Capital International environmental, social and governance ratings in the first and second quarters;

(b) At least 13 companies presented high-impact controversies, such as customer, governance and labour rights issues, environmental impacts and human rights violations, and had a red or orange flag in the first quarter.

39. The Board deems that, even if the decision to invest does not depend only on sustainability and reputational aspects, they represent an additional criterion to consider in the assessment of whether or not to invest, according to the Fund's sustainable investing strategy.

40. In addition, the Board views with concern the fact that the environmental, social and governance metrics and reputational risks may not be considered in the investment decision-making process, even though they can help to mitigate many long-term risks and can have a positive material financial impact on the Fund's investments.

41. The Board is of the view that issues observed and the lack of monitoring of the environmental, social and governance factors may lead to difficulties in complying with the sustainable investing strategy and also would not be aligned with the investment policy statement and environmental, social and governance guidelines.

42. **The Board recommends that the Office of Investment Management revise and adjust the current sustainable investing implementation guidelines to ensure that the activities are aligned with the nature of the investment and the current operation for each asset class.**

43. **The Board recommends that the Office of Investment Management strengthen and evaluate its current monitoring mechanism to ensure that the environmental, social and governance metrics are effectively integrated into the investment decision-making process, in order to comply with the investment policy statement and environmental, social and governance guidelines.**

44. The Office of Investment Management accepted the recommendations.

Exchange-traded funds exempt from environmental, social and governance and rating restrictions

45. The Office's investment policy statement, updated and approved in September 2022, establishes in paragraph 6 on governance, staff obligations and objectives that the Office strives to ensure that all of its activities integrate the ideals of sustainable investing, including taking into account environmental, social and governance metrics, while remaining entirely consistent with its fiduciary responsibility to meet the long-term investment objective.

46. In accordance with paragraph 68 of the Office's approach to sustainable investing in the investment policy statement, the Fund acknowledges its responsibility to society as part of an international organization committed to social progress by being a founding signatory to the principles for responsible investment and its association with the United Nations Global Compact and the United Nations Environment Programme finance initiative.

47. In this context, the Office may invest in all types of securities and assets consistent with its eligible investment universe, including, among others, exchange-traded funds.[2] However, the Fund restricts investments in the tobacco industry and in the securities of companies producing controversial weapons, including weapons of mass destruction, as well as fossil fuel companies.

48. From the analysis of the investment policy statement, the Board noticed that the exchange-traded funds and other index products were exempt from environmental, social and governance analysis and rating restrictions.

49. The Board therefore reviewed the nine exchange-traded funds held in the global public equities investment portfolio, which represented a total amount of $1,089,914,719 as at 31 August 2022. Seven of the funds were managed by the Office's global emerging markets team and two by external managers. The following shortcomings were identified:

(a) According to the fact sheet provided by the administrator BlackRock, none of the exchange-traded funds held in the portfolio sought to follow a sustainable, impact or environmental, social and governance investment strategy;

[2] Exchange-traded funds are a type of pooled investment security that operates in a similar way to a mutual fund. Usually, exchange-traded funds track a specific index, sector, commodity or other asset; they can be purchased or sold on a stock exchange.

(b) Analysing the sustainability characteristics of the exchange-traded funds, seven had issuers that had been identified by Morgan Stanley Capital International environmental, social and governance research as follows:

(i) Four as producing tobacco products;

(ii) One as involved in controversial weapons;

(iii) Two as producing firearms and small arms ammunitions for civilian markets;

(iv) Six as earning over 5 per cent of total revenue from thermal coal mining;

(v) Four as failing to comply with the United Nations Global Compact principles;

(c) All exchange-traded funds were identified by Morgan Stanley Capital International as associated with activities with an implied temperature rise over 2.5°C, which was not aligned with the temperature goal of the Paris Agreement;

(d) At least three exchange-traded funds from three different countries were identified in the Office's environmental, social and governance report for the first quarter of 2022 as being associated with the highest carbon-emitting securities in the portfolio;

(e) The prevailing criterion to include these instruments in the portfolio was the exposure to certain markets, liquidity and cost. It should be noted that the exchange-traded funds recorded an underperformance in 2022 and that the environmental, social and governance analysis had not been considered.

50. The Board is concerned that exchange-traded funds are excluded from the analysis of environmental, social and governance and rating restrictions, taking into account that the sustainable strategy established in the Office's investment policy statement seeks to integrate environmental, social and governance analysis into all asset classes. In turn, when the investment policy statement declares exchange-traded funds as permitted instruments for investments that belong to the public equities asset class, even when there is no useful environmental, social and governance index in the marketplace fitting such instruments, the Office should at least analyse and ponder their sustainability characteristics and decide whether it is appropriate to keep them in the investments portfolio or to replace them with other types of instruments, if feasible.

51. The Board is of the view that integrating the principles of sustainable investing, which includes environmental, social and governance metrics and potential reputational risks, into the investment decision allows the Office to align with various United Nations initiatives, such as the Paris Agreement, the principles for responsible investment, the United Nations Environment Programme finance initiative and the United Nations Global Compact.

52. **The Board recommends that the Office of Investment Management revise the current investment policy statement to ensure that all instruments by each asset class are not exempt from the analysis of environmental, social and governance and rating restrictions, including exchange-traded funds and any other index products.**

53. **The Board recommends that the Office of Investment Management establish and implement a procedure to integrate the analysis of the environmental, social and governance metrics, rating restrictions and reputational risk issues through the exchange-traded funds investment process, in order to be aligned with the sustainable strategy for all asset classes.**

54. The Office of Investment Management did not accept the recommendations and explained that the exception for exchange-traded funds in the investment policy statement was for the exclusion of certain asset types from the investment universe. The reason was that exchange-traded funds grant access to markets and that these were designed for external asset managers to replicate indices mechanically, making it impossible to follow the Office's environmental, social and governance policies. As such, the Office indicated that the exception of environmental, social and governance exclusion is considered in paragraph 50 of the investment policy statement, allowing the Office to manage the portfolio efficiently and effectively through further diversification, which was one of the key elements of safety as part of the four investment criteria mandated by the General Assembly.

55. The Board holds that, since exchange-traded funds are an eligible type of investment in the investment policy statement and that sustainable investing is an objective and a commitment of the Office, the environmental, social and governance analysis and rating restrictions should not be excluded in the decision-making process, but rather should be pondered. Therefore, the Board maintains the recommendations.

4. Pension Administration

Lack of guidance on overpayments write-offs criteria

56. The Fund's accounts receivable write-off policy and procedures, revised in July 2020, states that overpayments may be deemed unrecoverable and may be written off as uncollectible receivables two years after discovery by the Fund. For write-off purposes, the Accounts Section should prepare a write-off recommendation, including background and basic facts regarding the case, evidence of efforts made to recover the funds and a summary of findings and reasons to consider the case unrecoverable. Minor overpayments of $50 or less may be written off without collection efforts if it has been over two years after discovery by the Fund.

57. Likewise, according to paragraph G.7 in section G of annex II to the Financial Rules of the Fund, the Chief Executive of Pension Administration or the Representative of the Secretary-General may authorize the impairment of assets, including but not limited to receivables.

58. In addition, the Fund's write-off of receivables has been subject to consultation by the Advisory Committee on Administrative and Budgetary Questions, as shown in its fifteenth report on the proposed programme budget for 2022 (A/76/7/Add.14).

59. The Board extracted from the Integrated Pension Administration System the overpayments ageing report as at 31 August 2022, which contained 2,109 overpayments from 2003 to 2022 related to the death of the beneficiary. The breakdown is shown in table II.2.

Table II.2
Overpayment breakdown as at 31 August 2022
(United States dollars)

Period	*Number of cases*	*Overpayment*	*Recovery*	*Balance*	*Recovery rate (percentage)*
2003–2008	35	116 873	0	116 873	0
2009–2014	276	1 084 910	3 809	1 081 101	0
2015–2020	1 206	6 601 210	1 611 447	4 989 763	24
2021	294	1 736 712	379 684	1 357 028	22
2022	298	1 689 497	271 096	1 418 401	16
Total	**2 109**	**11 229 202**	**2 266 036**	**8 963 166**	**20**

Source: Based on the overpayments ageing report as at 31 August 2022.

60. The Board noted that the Fund had provisioned all detected cases up to 2020, as indicated in the recovery rate in the overpayments ageing report. However, only 20 per cent of the original overpayments had been recovered.

61. Moreover, of the total overpayments due to death, 1,498 cases had no recovery recorded up to 31 August 2022, equivalent to 76.52 per cent of the overpayment balance. The breakdown of those cases is shown in table II.3.

Table II.3
Overpayments without recoveries as at 31 August 2022
(United States dollars)

Period	*Number of cases*	*Balance*
2003–2008	35	116 874
2009–2014	270	1 068 778
2015–2020	779	3 644 913
2021	207	914 914
2022	207	1 113 629
Total	**1 498**	**6 859 108**

Source: Based on overpayments ageing report as at 31 August 2022.

62. The Board considers that, after several attempts by the Fund to contact relatives of the deceased beneficiaries for the restitution of overpayments without any response, there is a high level of uncertainty regarding current and future recovery of the funds, taking into consideration the fact that paying back the overpayments to the Fund is not an obligation for the beneficiaries' relatives.

63. In addition, considering that the write-offs disclosures by management in the long-form report have been a recurring matter of interest for the Advisory Committee and other Fund stakeholders, the Board considers that proceeding with the write-off process and the consequential disclosure of all overpayments for those in which there is no recovery expectation contribute to enhancing communication between the Fund and the users of such information.

64. **The Board recommends that the Pension Administration revise and adjust the write-off policy, taking into consideration the nature and different factors**

that would contribute to further categorizing the overpayments made, and then proceed with the write-off, if applicable.

65. The Pension Administration accepted the recommendation.

Undefined targets on the gender strategy

66. Following the adoption in 2015 of Sustainable Development Goal 5 on gender equality as part of the 2030 Agenda for Sustainable Development, the Secretary-General launched a system-wide strategy on gender parity in September 2017, which includes recommended actions to reach gender parity. While the goal is 50/50 parity, it is recognized that sustainability at that number is unlikely, and for the purposes of the strategy, parity is considered to be within the margin of 47 per cent to 53 per cent.

67. Likewise, to achieve gender parity and improve the working environment and the opportunities for its female staff, the Fund introduced a gender strategy and action plan for the period 2021–2023 to guide its efforts to build gender parity at the Fund.

68. In the Fund's gender strategy analysis, the Board observed that the strategy developed did not include what percentage or margin the Fund meant by parity.

69. Thus, on the basis of the target and margin established by the United Nations system-wide strategy, the Board reviewed the gender parity of the Fund's staff as at 31 August 2022, and noted the following:

(a) Of the total staff of the Fund, 56 per cent were women and 44 per cent were men;

(b) For staff in the General Service category, 66 per cent were women and 34 per cent were men, who were still underrepresented;

(c) For staff in the Professional category, 45 per cent were women and 55 per cent were men, with women still underrepresented;

(d) At the D-2, D-1, P-4 and P-3 levels, the Secretary-General's target, which states that each level must have at least 47 per cent female representation, was not met;

(e) At the P-2, G-7, G-6, G-5 and G-4 levels, female representation far exceeded the 53 per cent top margin for gender parity.

70. The Board considers that the Fund needs to establish its own target and margin for gender parity to fulfil the objective of Goal 5 on gender equality effectively. In addition, the Board considers that the Fund should comprehensively evaluate overrepresentation at different levels.

71. The Board acknowledges the efforts made by the Fund in terms of a gender perspective. However, performance against targets and indicators still needs to be improved to ensure equal gender representation.

72. **The Board recommends that the Fund, on the basis of analysis, include in its gender strategy a specific target and margin of gender parity that it aims to accomplish.**

73. The Fund accepted the recommendation.

C. Transmissions of information by management

1. Write-off of losses of cash, receivables and property

74. During the year 2022, the Pension Administration recorded receivable write-offs for $1,479,986.73 as a result of normal business operations in accordance with the

established policy on benefit overpayments receivable. There were no write-offs of receivables from the Office of Investment Management. There were no write-offs of losses of cash or property, in the respective areas of responsibility.

2. Ex gratia payments

75. The Fund reported to the Board that there were no ex gratia payments in 2022.

3. Cases of fraud and presumptive fraud

76. The Fund reported that there was no case of fraud and presumptive fraud related to the staff of the Fund for the financial year ended 31 December 2022.

D. Acknowledgement

77. The Board expresses its sincere appreciation and gratitude to the Representative of the Secretary-General for the investment of the assets of the Fund, the Chief Executive of Pension Administration and the members of their staff for the assistance and cooperation extended during the conduct of the audit.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
(Lead Auditor)

(*Signed*) Pierre **Moscovici**
First President of the Court of Auditors of France

26 July 2023

Annex

Status of implementation of recommendations up to the financial year ended 31 December 2021

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation*	*Management response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2017	A/73/5/Add.16, chap. II, para. 62	The Board further recommends that the Fund develop an automatic signature verification system to facilitate the certificate of entitlement process.	The automated signature verification system has been in production since December 2022. The new system allows for the verification of signatures in all document types and intake methods.	The Board verified that the automated signature verification system went live in December 2022, which would facilitate different processes carried out by the Fund, including the certificate of entitlement process. Therefore, the recommendation has been implemented.	X			
2	2019	A/75/5/Add.16, chap. II, para. 121	The Board recommends that the Office of Investment Management incorporate the policy on the operations and risk management of external managers into the investment policy, considering that 15 per cent of the portfolio is externally managed.	The investment policy statement has been approved and is available on the website of the Fund.	The Board observed that the Office of Investment Management had incorporated the policy on the operations and risk management of external managers into the new investment policy approved in September 2022. Therefore, the recommendation is considered to have been implemented.	X			
3	2019	A/75/5/Add.16, chap. II, para. 154	The Board recommends that the Office of Investment Management establish a formal procedure among the legal team, Senior Investment Officers and operations team to obtain timely information about the deals that have been closed during the year for preparing the note on investment commitments in the notes to the financial statements.	A structured process was implemented involving the legal team, Senior Investment Officers and operations team to obtain timely information about completed deals throughout the year to facilitate the preparation of the note on investment commitments in the notes to the financial statements.	The Board verified that the Office of Investment Management had established a procedure among the parties involved in order to obtain timely information that allows for the preparation of the note on investment commitments. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
4	2019	A/75/5/Add.16, chap. II, para. 160	The Board recommends that the Office of Investment Management develop a digital repository/file with all information for each fund needed to support the acquisition process, from the evaluation stage to the point at which the transaction has been deemed satisfactory from a business and legal perspective and has satisfied any conditions imposed by the Private Markets Committee.	A repository was developed containing all the necessary information for each fund. The repository supports the acquisition process, from the evaluation stage to the point at which the transaction has been deemed satisfactory from both a business and legal perspective and has satisfied any conditions imposed by the Private Markets Committee.	The Board verified that the repository developed by the Office included the required information for the different stages of the acquisition process. Therefore, the recommendation has been implemented.	X			
5	2019	A/75/5/Add.16, chap. II, para. 161	The Board recommends that the Office of Investment Management develop, document and implement a detailed procedure that establishes the stages for closing an agreement of real assets and alternative investments.	The investment procedure was updated to reflect the stages for closing agreements and was implemented successfully.	The Board verified that the Office of Investment Management had updated the investment procedures and included the different stages for closing real assets and alternative investment agreements. Hence, the recommendation is considered to have been implemented.	X			
6	2020	A/76/5/Add.16, chap. II, para. 42	The Board recommends that the Pension Administration design, develop and implement a control mechanism that establishes periodic reviews of the data quality, in conjunction with the member organizations and beneficiaries of the Fund, if necessary, with the purpose of maintaining the data and preventing potential inconsistencies in the information recorded in the Integrated Pension Administration System and	Data quality roles are defined/embedded in established organizational structures and governance arrangements with the Fund's member organizations. At the internal level, the business intelligence tool highlights key data issues to provide insight and direction for the Fund's data quality actions. Data quality actions are ongoing as the offices involved address data issues as identified by the business intelligence dashboard and in relation to their	The Board verified that the Pension Administration had implemented controls to identify missing data or when data fixes are needed. This also allows continuous follow-up on these fixes, as required. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			ensuring the reliability of the information provided to users.	respective areas of responsibility, with increasing interaction with the Fund's member organizations. A data quality working group was established to further support the ongoing actions completed by various offices. Complementarily, the Fund has made available to its member organizations dedicated intranet pages, business intelligence dashboards and training to assist in the data quality actions that fall under the responsibility of its member organizations.					
7	2020	A/76/5/Add.16, chap. II, para. 43	The Board also recommends that the Pension Administration perform an analysis to define the circumstances in which the inconsistencies in the key data used for the actuarial valuation become material and to define tolerance thresholds in order to make the criteria used transparent for future reviews.	The consulting actuary submits a data request for the actuarial valuation and currently specifies in the request the data fields that are essential to carrying out the actuarial valuation. The data request also specifies the data checks on key items that are deemed essential for completeness. In exceptional circumstances, the consulting actuary would request input from the Fund when records essential for the actuarial valuation are missing, where they may have had to apply prudent assumptions.	The Board verified that the Pension Administration had defined the key census data fields in conjunction with the consulting actuary. In addition, the Fund agreed that the review of the key data should be performed before the actuary makes any assumption. Therefore, the recommendation is considered to have been implemented.	X			
8	2020	A/76/5/Add.16, chap. II, para. 71	The Board recommends that the Pension Administration develop and implement an official procedure that specifies the review by the Fund and the United Nations of the after-service health insurance census data and	A procedure was prepared and issued for the review of the post-employment benefits census data. The procedure provides details on the reports generated from the review.	The Board verified that the Pension Administration had developed and approved a procedure for after-service health insurance census data, which includes the validations/ controls, tolerable thresholds, staff responsible and	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			includes the validations and/or controls, the tolerable thresholds for any deviation, the responsible officials and the deadlines associated with the review, as well as details of the communications that will be carried out between the Fund and the United Nations.		communication with the United Nations. Therefore, the recommendation is considered to have been implemented.				
9	2020	A/76/5/Add.16, chap. II, para. 72	The Board also recommends that the Pension Administration issue an official report with the results of the review and of the adjustments made to the after-service health insurance census data each year, in order to support the reasonableness review performed in the context of the preparation of the financial statements.	The procedure for the review of the post-employment benefits census data provides details on the reports generated from the review. Since the valuation takes place once every two years, the next after-service health insurance census data review, for the year 2023, is expected between December 2023 and February 2024.	Since the next valuation will be performed in 2023, the Pension Administration has not issued an official report with the results of the review and the adjustments made to the after-service health insurance census data. Therefore, the Board considers that the recommendation is under implementation.		X		
10	2020	A/76/5/Add.16, chap. II, para. 121	The Board also recommends that the Office of Investment Management enable the broker account module to include the direct broker feeds for the verification of staff members' brokerage accounts to comply adequately with the best practices of the industry and contribute to mitigating the risks related to potential conflicts of interest with the activities of the Fund.	The implementation of the recommendation has started, and the project is being implemented in phases in order to mitigate any issues, given the number of staff and the potential number of broker feeds that need to be established.	Considering that the broker account module has not been enabled in the system, the Board deems that the recommendation is under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
11	2020	A/76/5/Add.16, chap. II, para. 133	Furthermore, the Board recommends that the Office of Investment Management establish a procedure that defines the criteria that should be weighed when a reputational risk event arises so that the Office's staff members can take the necessary measures before the reputational risk materializes.	The reputational risk policy was revised to include the criteria that should be weighed when a reputational risk event arises. The revised policy was approved by the Representative of the Secretary-General.	The Board noted that the new reputational risk policy establishes a procedure that complies with the requested criteria. Therefore, the recommendation is considered to have been implemented.	X			
12	2020	A/76/5/Add.16, chap. II, para. 134	The Board also recommends that the Office of Investment Management keep a permanent and updated record of the reputational risks assessed during the year, with the respective action taken in that regard, for all activities within the scope of the Office (including vendors, external managers, advisers and other third parties).	This was included in the reputational risk policy. The revised policy was approved by the Representative of the Secretary-General.	The Board noticed that the Office of Investment Management keeps a permanent and updated record of the reputational risks assessed during the year for all activities within the scope of the Office, along with the corresponding action taken in that regard. Therefore, the recommendation is considered to have been implemented.	X			
13	2020	A/76/5/Add.16, chap. II, para. 159	The Board also recommends that the Office of Investment Management strengthen and evaluate its current control mechanisms to ensure comprehensive and effective monitoring of the management of external advisers on an ongoing basis, allowing the Office to identify, evaluate and mitigate potential investment, operational and reputational risks.	An updated external adviser policy was endorsed and the recommendation was implemented successfully.	The Board verified that the Office of Investment Management had developed the enterprise vendor management and revised the adviser policy, which includes controls for the ongoing monitoring of external advisers. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
14	2020	A/76/5/Add.16, chap. II, para. 160	The Board further recommends that the Office of Investment Management establish a procedure that defines the steps of the due diligence process that is performed on non-discretionary advisers after onboarding, including which aspects will be addressed in that process, when and how often it should be done, which reports and results are generated from the review and who is responsible, among other things.	A procedure encompassing the various requirements outlined in the recommendation was implemented by the management.	The Board noted that the Office of Investment Management had implemented the enterprise vendor management and revised the adviser policy, which includes the various due diligence steps. Therefore, the recommendation is considered to have been implemented.	X			
15	2021	A/77/5/Add.16, chap. II, para. 27	The Board recommends that the Fund carry out an analysis of the categories that present the most significant differences between what is approved and what is executed, to improve the budgetary estimates and thus make budget proposals more accurate and better adjusted to actual expenditure made in the execution period.	The Fund is working to define additional key performance indicators linked with the main budgetary categories that will be included in the budget proposal for 2024.	Since the Fund is in the process of defining additional suitable key performance indicators linked to the main budgetary categories to determine and justify resource requirements with the governance bodies, the Board deems that the recommendation is under implementation.		X		
16	2021	A/77/5/Add.16, chap. II, para. 32	The Board recommends that the Fund define and implement key performance indicators linked to the main budgetary categories, for example, staff costs and contractual services, to determine and justify the resource requirements with the governance bodies.	As part of the review of key performance indicators, the metrics that inform budget planning were included in the Fund's budget proposal for 2024, which requires the approval of the Fund's governing bodies.	Considering that the Fund is yet to define additional key performance indicators linked to the main budgetary categories, the Board views the recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
17	2021	A/77/5/Add.16, chap. II, para. 48	The Board recommends that the Pension Administration finalize and implement a formal action plan for each pillar of the strategy, which includes critical success factors, objectives, activities, projects, milestones, staff responsible, key results indicators and key performance indicators.	Several projects and initiatives have been identified and prioritized under each of the three pillars of the strategy. The project managers of these prioritized projects work with their respective project boards to validate and achieve the milestones for each of the deliverables. The Fund tracks and monitors the progress of each of these projects and initiatives. The key performance indicators associated with each of the projects are captured and monitored in a project management tool introduced to monitor the projects and initiatives undertaken in the framework of the strategy. The project plan and associated activities/milestones are tracked under the "project plan" of the tool. Other relevant information such as responsible staff and metrics are also tracked under the project information.	The Board reviewed the action plan developed by the Pension Administration for each of the pillars of the strategy and verified that it includes projects, staff responsible and metrics, among other things. Therefore, the recommendation is considered to have been implemented.	X			
18	2021	A/77/5/Add.16, chap. II, para. 49	The Board recommends that the Pension Administration enhance the monitoring and regular review of the workplan to ensure the fulfilment of the strategic plan in the remaining period.	The project management tool is connected to business intelligence dashboards that are being used to monitor and review the projects and initiatives tied to the three pillars of the strategy on a regular basis. The Fund's management reviews at its meetings and on a regular basis the status of the strategy and related indicators.	The Board analysed and verified that the measures taken by the Fund to monitor and regularly review the established workplan contribute to ensuring the fulfilment of the strategic plan. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	*Status after verification* Implemented	Under implementation	Not implemented	Overtaken by events
19	2021	A/77/5/Add.16, chap. II, para. 50	The Board recommends that the Pension Administration develop and implement a dashboard incorporating key results and key performance indicators using a business intelligence technology platform to review and monitor performance and assist in taking corrective action, as required.	A set of indicators to measure and monitor the achievement of the strategic plan was defined, and the implementation of these metrics in a dashboard is being explored.	Since the Pension Administration has not yet developed and implemented a dashboard incorporating key results and key performance indicators as required, the Board considers this recommendation to be under implementation.		X		
20	2021	A/77/5/Add.16, chap. II, para. 57	The Board recommends that the Pension Administration take the measures necessary to further define the functions and responsibilities and the terms of reference for both the Business Transformation and Accountability Unit and the Data Analysis Unit.	The functions and responsibilities and terms of reference for the Business Transformation and Accountability Unit and the Data Analysis Unit have been updated to comply with the requirements.	The Pension Administration has established the terms of reference of the Business Transformation and Accountability Unit and the Data Analysis Unit, which were approved in March and April 2023, respectively. Both documents are available to staff on the Fund's intranet page. Therefore, the Board considers this recommendation to have been implemented.	X			
21	2021	A/77/5/Add.16, chap. II, para. 58	The Board recommends that the Pension Administration finalize and formalize the workplans, including activities, responsibilities and timelines, given the remaining two years of the strategy, for the Business Transformation and Accountability Unit and the Data Analysis Unit and monitor the progress on and achievement of the objectives of the Units.	The workplans for the Business Transformation and Accountability Unit and the Data Analysis Unit have been updated, defining the reporting line.	The Board noted that the Pension Administration had formalized the workplans, including activities, responsibilities and timelines for both units, which are monitored by the Deputy Chief Executive of the Pension Administration and senior management as appropriate. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
22	2021	A/77/5/Add.16, chap. II, para. 59	The Board recommends that the Pension Administration set key performance indicators for the Business Transformation and Accountability Unit and the Data Analysis Unit in order to measure their performance and contribution to the achievement of the strategy.	Based on the updated Business Transformation and Accountability Unit and the Data Analysis Unit terms of reference, suitable performance measures for both units were identified and aligned with the Fund's strategy.	The Board verified that the Pension Administration had established key performance indicators for both units in their terms of references. The key performance indicators are aligned with its strategy. Therefore, the recommendation is considered to have been implemented.	X			
23	2021	A/77/5/Add.16, chap. II, para. 72	The Board recommends that the Pension Administration develop and implement an action plan in the short term to fix erroneous, missing and incomplete data with business owners of the different processes that input data into the Integrated Pension Administration System, to ensure that the information is accurate for the actuarial valuation and benefits processing by the Fund.	Data quality roles are defined/embedded in established organizational structure and governance arrangements with the Fund's member organizations. At the internal level, the business intelligence tool highlights key data issues to provide insight and direction for the Fund's data quality actions. Data quality actions are ongoing as the offices involved address data issues as identified by the business intelligence dashboard and in relation to their respective areas of responsibility, with increasing interaction with the Fund's member organizations. A data quality working group was established to further support the ongoing actions completed by various offices. Complementarily, the Fund has made available to its member organizations dedicated intranet pages, business intelligence dashboards and training to assist in the data quality actions that fall under the responsibility of the Fund's member organizations.	The Board verified that the Pension Administration had developed controls to identify incomplete or erroneous data or when such data needed to be fixed, allowing continuous follow-up and fixes, as required. Therefore, the Board considers the recommendation to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
24	2021	A/77/5/Add.16, chap. II, para. 80	The Board recommends that the Pension Administration broaden the established benchmarks for main benefits and other key processes, especially those related to participants and beneficiaries, with the purpose of measuring and knowing the overall performance of the Fund better.	A set of key performance indicators was developed for other processes. Key performance indicators include benchmarks for key benefit recalculations such as survivors' benefit (after service), deferred benefits into payment, child benefits into payment and two-track payments. A business intelligence dashboard was developed to enable tracking of the key performance indicators for recalculations.	The Board noted that the Pension Administration had established benchmarks for the main benefits and other key processes, which are monitored through the business intelligence participants and recalculations dashboards. Therefore, the recommendation is considered to have been implemented.	X			
25	2021	A/77/5/Add.16, chap. II, para. 86	The Board recommends that the Pension Administration carry out an analysis and issue a management information report on the age profile of the Fund's participants.	The age profile of participants is monitored through an existing report on the participants' business intelligence reporting tool, which is available to the Fund's member organizations. From a solvency perspective, the Fund's evolving participant and retirement patterns are monitored through the biennial experience analysis. The experience analysis is considered by the Committee of Actuaries and later presented to the Board.	The Pension Administration issued a report on the age profile of the Fund's participants through the business intelligence participants dashboard, which is available to the member organizations. Therefore, the Board considers the recommendation to have been implemented.	X			
26	2021	A/77/5/Add.16, chap. II, para. 100	The Board recommends that the Pension Administration develop and implement automatic synchronization between both interfaces, in order to avoid the reprocessing of files and potential data inconsistencies.	A system enhancement was implemented to ensure that financial files are not processed in the Integrated Pension Administration System until human resources data are up to date.	The Board verified that the Pension Administration had enhanced the automatic synchronization between the interfaces, adding new parameters to run the process. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
27	2021	A/77/5/Add.16, chap. II, para. 101	The Board recommends that the Pension Administration continue to advance and collaborate with the member organizations in the interface implementation project, defining a workplan to increase, in the short term, the financial interfaces of those entities that already have a human resources interface.	The Pension Interface Programme includes a series of projects to support the Fund, enhance and develop interface systems, implement roll-out to member organizations and produce relevant business intelligence dashboards. The Fund has selected member organizations to be onboarded to stage-2 and stage-3 interfaces in the short and medium term. The project direction team for the Pension Interface Programme regularly reviews the progress made. The Fund has identified candidates for the next financial interface projects and is exploring the readiness and feasibility of these and other organizations and the Fund for implementation.	The Board verified the progress in incorporating new interfaces with other member organizations. Some of these interfaces are already operational, while others are at different stages of implementation. Currently, the project is being closely monitored and has a defined workplan for the short and medium term. Therefore, the recommendation is considered to have been implemented.	X			
28	2021	A/77/5/Add.16, chap. II, para. 109	The Board recommends that the Office of Investment Management establish a procedure and adopt the measures necessary to ensure that investment officers on annual leave or who are absent do not participate in or approve any commercial transaction involving the movement of funds and securities transactions, and that backup staff are in place to ensure that there is no interruption in the process.	The mandatory leave policy was revised and approved by the Compliance Committee.	The Board verified that the Office of Investment Management had established a procedure to suspend the accounts of those on leave, to avoid their participation in any transaction, with back-up assigned for such purposes. Therefore, the recommendation is considered to have been implemented.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
29	2021	A/77/5/Add.16, chap. II, para. 110	The Board recommends that the Office of Investment Management strengthen and evaluate its current monitoring mechanism over users' accounts in the Bloomberg system in order to keep track of the investment officers who can approve transactions through the system during staff leave or absences.	The mandatory leave policy was revised to reflect the new preventative control mechanism, which was implemented. Trading privileges are suspended during mandatory leave and absences.	The Board analysed the actions taken by the Fund and considers that the Office of Investment Management has strengthened and evaluated its current monitoring mechanism over users' accounts in the Bloomberg system in accordance with the required terms. Therefore, the recommendation is considered to have been implemented.	X			
30	2021	A/77/5/Add.16, chap. II, para. 119	The Board recommends that the Office of Investment Management strengthen and update the current procedure for brokers and counterparties, including the standards that brokers and counterparties need to meet, the reports and reviews currently carried out by the risk team and the Risk Committee and the criteria that need to be weighed and evaluated in the removal of or decision to retain brokers and counterparties.	An alternative solution to ensure a uniform application of this measure is being explored.	The Board noticed that the Office of Investment Management was working on updating the procedure for brokers and counterparties. Therefore, the recommendation is considered to be under implementation.		X		
31	2021	A/77/5/Add.16, chap. II, para. 132	The Board recommends that the Office of Investment Management re-evaluate the current application of the evaluation report used for the evaluation of brokers and counterparties and enhance their monitoring, in order to ensure that these are assessed in accordance with the service or transactions provided during the period under evaluation,	Current application of the evaluation report used for the evaluation of brokers and counterparties was re-evaluated in order to ensure that they were assessed in accordance with the service or transactions provided during the period under evaluation, displaying "not applicable" when any brokers or counterparties had not transacted with the Fund.	The Board checked the brokers' evaluation report and verified that those evaluated corresponded to those that had provided services or made transactions during the period; otherwise, their evaluation was displayed as "not applicable". Therefore, the recommendation is considered to have been implemented.	X			

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation*	*Management response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
			with the purpose of measuring actual performance and preventing the Best Execution Committee from making any erroneous decisions.						
32	2021	A/77/5/Add.16, chap. II, para. 141	The Board recommends that the Office of Investment Management establish a maximum term in the investment process for private markets as from their first and second approvals to the signing of the agreements of no more than one calendar year, in order for it to be properly aligned with the annual strategic plan and pacing strategy for private markets.	The private markets procedures have been revised, and a maximum duration for the approval of agreements was introduced.	The Board verified that the updated private markets procedure indicated that the signature for contract approvals must not exceed one calendar year. Therefore, the recommendation is considered to have been implemented.	X			
33	2021	A/77/5/Add.16, chap. II, para. 152	The Board recommends that the Office of Investment Management evaluate and redesign its current mechanism for monitoring the monthly requirements, in order to ensure that compliance with the monthly review is strictly fulfilled, with the purpose of adopting the measures necessary to address cases in which deviations are detected.	The investment management agreements were modified to clarify reporting mechanisms.	The Board verified that the Office of Investment Management had evaluated and redesigned the monitoring mechanism for the monthly reviews to detect deviations. Therefore, the recommendation is considered to have been implemented.	X			
34	2021	A/77/5/Add.16, chap. II, para. 153	The Board recommends that the Office of Investment Management develop and implement an electronic platform or solution that allows for the receipt of the reports by external	A solution was developed to address this issue and the Board was asked to consider that the recommendation had been implemented.	The Board verified that the solution allows the Office of Investment Management to receive the required reports directly from the external managers, tracking all requirements and delays.	X			

No.	Audit report year	Report reference	Recommendation	Management response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			managers in order to track all requirements and delays incurred by each external manager to ensure the timely review by the Office.		Therefore, the recommendation is considered to have been implemented.				
35	2021	A/77/5/Add.16, chap. II, para. 165	The Board recommends that the Office of Investment Management increase the frequency of user access reviews and update version 1.4 of the access control procedure and version 1.2 of the information security operations and monitoring process procedure.	Version 1.4 of the access control procedure and version 1.2 of the information security operations and monitoring process procedure were updated, and the frequency of the user access review was increased.	The Board verified that the Office of Investment Management had updated and approved the information security operations and monitoring process procedure and the access control procedures that increase the frequency of the user access review. Therefore, the recommendation is considered to have been implemented.	X			
	Total number of recommendations				**35**	**29**	**6**	**0**	**0**
	Percentage of total number of recommendations				**100**	**83**	**17**	**0**	**0**

Annex VII

Financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2022

Chapter III

Certification of the financial statements

Letter dated 31 May 2023 from the Chief Financial Officer of the United Nations Joint Staff Pension Fund addressed to the Chair of the Board of Auditors

The financial statements of the United Nations Joint Staff Pension Fund for the year ended 31 December 2022 have been prepared in accordance with the Regulations, Rules and Pension Adjustment System of the United Nations Joint Staff Pension Fund,[1] International Public Sector Accounting Standards (IPSAS) as issued by the International Public Sector Accounting Standards Board, and International Accounting Standard 26, Accounting and reporting by retirement benefit plans, as issued by the International Accounting Standards Board. The summary of significant accounting policies applied in the preparation of the financial statements is included in the notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Fund during the period covered by these statements.

I certify that the appended financial statements of the United Nations Joint Staff Pension Fund are correct in all material respects.

(*Signed*) Karl-Ludwig W. **Soll**
Chief Financial Officer
United Nations Joint Staff Pension Fund

Note: The present annex reproduces chapters III to V of the financial report and audited financial statements for the year ended 31 December 2022 and report of the Board of Auditors on the United Nations Joint Staff Pension Fund (A/78/5/Add.16).

[1] The financial rules are promulgated by the United Nations Joint Staff Pension Board in accordance with article 4 (b) of the Regulations of the Fund with effect from 1 January 2017. Subject to the provisions of the Regulations of the Fund and to resolutions and decisions of the General Assembly pertaining to the financial operations of the Fund, those financial rules shall govern the financial management and administration of the Fund and should be read in conjunction with the Administrative Rules. With regard to any matter not specifically covered by those rules, the appropriate provisions of the Financial Regulations and Rules of the United Nations shall apply, mutatis mutandis.

Statement of internal control for the year ended 31 December 2022[2]

Scope of responsibility

The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan.

The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and the observance of the Regulations and Rules of the Fund.

The Chief Executive of Pension Administration discharges the Pension Board's responsibility for the administrative supervision of the Pension Administration. Under the authority of the Board, the Chief Executive collects contributions, ensures record-keeping for the Pension Administration, certifies benefit payments and deals with other issues related to the Fund's participants and beneficiaries. The Chief Executive is also responsible for ensuring that actuarial matters are addressed with a view to maintaining the long-term sustainability and financial health of the Fund.

The investment of the assets of the Fund is the responsibility of the Secretary-General. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General. The Representative of the Secretary-General has delegated responsibility for the management and accounting of the investments of the Fund and for the management of the Office of Investment Management. The Representative of the Secretary-General exercises this duty and makes investment decisions after consultation with the Investments Committee and in the light of observations made from time to time by the Pension Board on investment policy.

The Chief Executive and the Representative of the Secretary-General are responsible for establishing and maintaining a sound system of internal controls in their respective areas of responsibility to ensure the accomplishment of objectives, the economical use of resources, the reliability and integrity of information, compliance with rules and regulations, and the safeguarding of assets.

Purpose of the system of internal control

The system of internal control is designed to reduce and manage rather than eliminate the risk of failure to achieve the objectives of the Fund and to improve performance. It can therefore provide only a reasonable but not an absolute assurance of effectiveness. Internal control is an ongoing process, effected by the Fund's governing bodies, senior management and other personnel, designed to provide reasonable assurance regarding the achievement of the following internal control objectives:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable rules and regulations

[2] The statement of internal control, which accompanies the financial statements, is issued by the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the United Nations Joint Staff Pension Fund in accordance with financial rule G.4 of the Fund.

Internal control is a key function of management and an integral part of the overall process of managing operations. The Fund management at all levels therefore has the responsibility to:

- Establish an environment and culture that promotes effective internal control
- Identify and assess risks that may affect the achievement of objectives
- Specify and implement policies, plans, operating standards, procedures, systems and other control activities to manage risks
- Ensure an effective flow of information and communication so that all Fund staff have the information that they need to fulfil their responsibilities
- Monitor the effectiveness of the internal control system

Operating environment of the Fund

The Fund is exposed by its plan design, investments and operations to the fluctuations of financial markets, demographic changes, internal risks related to its operations and risks affecting its member organizations, service providers or clients located in more than 190 countries. All significant identified risks are captured in formal risk registers, which are subject to regular review by senior managers and internal and external auditors.

Fund risk management and internal control framework

The Fund has implemented a governance structure, management processes and internal and external oversight mechanisms to adequately identify, assess, manage, monitor and report the risks inherent to its operations.

The internal control policy of the Fund defines internal control objectives, components and responsibilities, as well as the roles of management, risk management and compliance functions, internal audit and external audit, in line with the three lines of defence model. The Fund's internal controls over financial reporting provide reasonable assurance that assets are safeguarded, that transactions are properly recorded and authorized and that there are no material misstatements in the financial statements. The internal control system and the review of its effectiveness are consistent with the criteria established in the "Internal Control-Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013.

The internal control framework is integrated with and complemented by specific control frameworks to provide reasonable assurance on the use of information, consistent with the Control Objectives for Information and Related Technologies, and its integrity and availability, in accordance with the International Organization for Standardization ISO/IEC 27001 standard.

The enterprise-wide risk management framework adopted by the Fund reflects the nature of its operations and development and its specific requirements. The enterprise-wide risk management framework is aimed at identifying events that may affect the Fund and managing risk within the Fund's risk appetite. The Fund's risk management framework includes the following components:

- Risk management governance: The operation of the risk management framework is supported by the full ownership and accountability of the Pension Board, management and staff for risk management activities. Specialized committees conduct oversight and provide advice to the Pension Board on risk management and internal control, as follows:

  (i) Audit Committee: As an advisory Committee of the Pension Board, it provides general oversight and offers recommendations for the Fund's internal and external auditing, and the Fund's risk management and internal control framework.

(ii) Fund Solvency and Assets and Liabilities Monitoring Committee: It advises the Pension Board on risk management, funding policy, asset-liability management and investment policy matters.

At the management level, the Enterprise-wide Risk Management Working Group, chaired by the Chief Executive and the Representative of the Secretary-General, includes representatives from all offices and monitors the Fund's risk profile, the implementation of risk management strategies and the effectiveness of the enterprise-wide risk management framework.

- Enterprise-wide risk management policy: The policy provides the basis for the operation of the risk management framework and specifies its applicability throughout the Fund. The enterprise-wide risk management policy methodology complements the policy and defines the steps, roles and responsibilities in the risk management process. The policy complements the United Nations code of conduct and the standards of conduct and related administrative instructions and guidelines in articulating expectations and behaviours for risk-conscious decision-making.
- Risk assessments: The Fund conducts periodic risk assessment exercises and maintains an enterprise risk register, which serves as the basis for defining mitigation strategies or internal controls to address the Fund's key risks. Detailed risk registers supplement the enterprise risk register on business continuity risks and cybersecurity risks. Risk management is integrated into project management, with risk registers developed for projects.
- Risk monitoring: The Fund's risk profile is monitored during the quarterly meetings of the Enterprise-wide Risk Management Working Group. Risk management officers promote the implementation of the enterprise-wide risk management framework, facilitate risk assessments, advise in the implementation of risk management strategies and monitor and report on the Fund's risk profile. Frequent risk monitoring was enhanced with the introduction of a risk dashboard and additional key risk indicators, in order to better understand and assess enterprise risks.
- Fraud risk assessment: The Pension Administration and the Office of Investment Management perform fraud risk assessments to identify specific fraud schemes and risks, assess their likelihood and significance, evaluate existing fraud control activities, and implement actions to mitigate residual fraud risks.

Review of the effectiveness of internal controls

The review of the effectiveness of the Fund's internal controls for the year ended 31 December 2022 is supported by:

- Evaluation of internal controls over financial reporting by management, which involved the identification, documentation and evaluation of the design and operational effectiveness testing of internal controls; the preparation and implementation of mitigation plans to address any control deficiencies identified; and assertion letters submitted by key officers in the Pension Administration and the Office of Investment Management, who recognized their responsibility for maintaining and executing effective internal controls and reported any deficiencies identified. Internal control evaluations and assertion letters were reviewed carefully, and action plans to implement corrective actions were prepared, where applicable.
- In accordance with its mandate, the Office of Internal Oversight Services (OIOS), provided assurance that internal controls are adequate and functioning effectively. In the execution of a risk-based audit plan endorsed by the Audit Committee, OIOS conducted four audits, and two other audits were in progress at the end of 2022, to provide assurance on the effectiveness of internal controls

and identify control deficiencies. OIOS made 23 new audit recommendations during 2022. The Chief Executive and the Representative of the Secretary-General, in their areas of responsibility, took appropriate actions to address important audit recommendations resulting from internal audits.

- In accordance with its mandate, the Board of Auditors examined independently the Fund's management, internal controls and financial statements, performing such tests and other procedures as they considered necessary to express an opinion in their annual audit report. The Board was given full and unrestricted access to all financial records and related data, and to the Fund's management and Audit Committee to discuss any findings related to the integrity and reliability of the Fund's financial reporting. The external audit report accompanies the financial statements.

- The review of the results of independent service audits on the controls applied by key service providers, including Northern Trust, the master record keeper for the Fund's investments and the custodian banks for the investments, as well as the United Nations International Computing Centre information and communication technology (ICT) services and related controls over financial reporting. Service audits concluded that, in all material respects, the controls were suitably designed and operating effectively to provide reasonable assurance that control objectives would be achieved.

- In December 2022, the Pension Administration renewed its ISO 27001:2013 Information Security Management System certification for the Integrated Pension Administration System, the scope of which was extended to the digital certificate of entitlement, which is valid for three years, until March 2025. In March 2021, the Office of Investment Management obtained certifications for ISO 22301:2019 for the Business Continuity Management System and ISO 27001:2013 for the Information Security Management System. In 2022, it was successfully recommended that the Office continue to retain both certifications. These remain valid until March 2024. The certifications confirm that the Office conforms to and is in compliance with the requirements of the information security management system and business continuity management system standards.

Internal control matters during 2022 and planned actions

The review of assertion letters signed by key officers in the Fund and the results of internal and external audits, independent service audits, and International Organization for Standardization certification audits provide assurance on the effectiveness of internal controls. No significant internal control matters were identified; however, the Fund will continue to review and improve internal controls, as follows:

1. In its previous report (A/77/5/Add.16), the Board did not identify significant errors, omissions or misstatements from the review of the financial records of the Fund for the year ended 31 December 2021. However, it identified scope for improvements in the areas of data quality, the strategic plan, benchmarks, budget management, trade approvals, private markets, brokers and counterparties, and external managers. Management accepted and has initiated the implementation of the recommendations made by the Board.

2. Investments and market risks (Office of Investment Management): During 2022, market volatility continued owing to the consequences arising from inflation and geopolitical crises. The impact of recent market movements and limitations on the convertibility of certain investments will be determined and monitored through ongoing monitoring of the markets. The Office also successfully implemented the new benchmarks and strategic asset allocation in 2022. In addition, the Fund continued to be compliant with the Global Investment Performance Standards. The Fund will conduct the quadrennial asset-liability management study in 2023.

3. Risks derived from inflation and geopolitical crises (shared): Geopolitical events early in 2022 contributed to a high inflation environment and highlighted the need to bolster the Fund's ability to monitor and mitigate geopolitical risks. As the global effects of geopolitical disruptions in 2022 are still present, the Fund continues to diversify channels to distribute pension benefit payments, including through the United Nations Treasury, and to offer new digital services to lower banking charges for beneficiaries located in countries affected by disruptions in the international transaction system. The Fund will continue to monitor possible financial and operational impacts of the high inflation environment and take prompt action within its regulatory framework to mitigate potential risks derived from inflation and geopolitical crises. The asset-liability management study is expected to reflect the structural changes in the market. The impact of inflation and geopolitical crises will be analysed.

4. Organizational culture and change management (shared): Strengthening the Fund's culture has been identified by management as key for the success of the Fund's overall strategy. A leadership culture assessment in line with the United Nations system leadership framework was conducted in 2021 and 2022 with the participation of a majority of Fund staff to identify priorities for culture-related work. The Business Support Services Unit was launched in 2022 and has been instrumental in advancing the implementation of the human resources strategy and the culture transformation plan. Among other key actions, a dedicated learning and development function was created in 2022 to support the implementation of the training strategy and guidelines, and the Fund's gender strategy and action plan were updated, resulting in an improved gender-balanced work environment. The implementation of human resources and culture transformation initiatives will continue, with a focus on promoting organizational values and priorities.

5. Business continuity management (shared): The Fund has gradually returned to a hybrid in-office work schedule in line with United Nations guidance for flexible working arrangements. The Fund monitored and introduced changes to crisis management and business continuity procedures and ICT systems to enable a faster recovery for critical business functions and to ensure staff safety and operational continuity in a hybrid working environment. The introduction of new benefit payment channels, automated scanning and signature verification, robotic process automation and new functionalities in the Fund's member self-service and the digital certificate of entitlement ensured the continuity of operations. In 2023, the Fund will explore upgrading its core ICT systems, deploy other digitalization initiatives and further strengthen internal controls.

6. Cybersecurity (shared): In 2022, the Pension Administration and the Office of Investment Management continued to enhance cybersecurity controls and programmes to respond to the evolving threat landscape and ensure that data assets remain protected. Both the Pension Administration and the Office maintain the ISO27001:2013 Information Security Management System certification to protect the Fund against cybersecurity threats with around-the-clock monitoring, escalation and response to security events. Cybersecurity training and awareness plans and the assessment of potential cyberrisks continue to increase the awareness of staff and key stakeholders on how to respond to threats. In the Pension Administration, a new project to introduce multi-factor authentication for access to the member self-service and the Fund's other portals will further secure connections and client transactions.

7. Data governance (shared): Both the Pension Administration and the Office of Investment Management have undertaken projects to develop and implement a data governance framework. Various components of the data governance framework are in development, including a data quality policy and a data inventory. A better understanding of data will allow the Fund to create a data strategy drawing on the

vision of the Secretary-General to support the Fund's strategy of becoming a data-driven organization and strengthening controls related to privacy and data protection.

8. Climate change (Office of Investment Management): As a signatory of the Principles for Responsible Investing, the Fund integrates environmental, social and governance factors into investment management decision-making processes, facilities, staff capacity-building and procurement. These factors include climate change, employment practices, inclusion and diversity. In 2022, the Office pursued the environmental, social and governance integration process initiated in previous years. In the 2021 Principles for Responsible Investing report for the year 2020, the Office obtained ratings from 4 to 5 stars (out of 5) for its environmental, social and governance programme. The Fund was ranked first in the 2021–2022 Responsible Asset Allocator Initiative Index and Leaders List Report. Three professional staff members joined the Sustainable Investing team, dedicated to each of the asset classes. The Office started to roll out environmental, social and governance certifications for its investment teams. It strengthened its existing environmental, social and governance policy with the adoption of a new policy, or manifest, which states the Office's beliefs and principles related to sustainability integration in the investment process as well as internal processes. In addition, the team developed Climate 2.0 and Equity 2.0 strategies, enhanced existing private-market environmental, social and governance integration techniques, and initiated a review of fixed-income environmental, social and governance processes. The Office further developed its impact investing strategy following the request by the General Assembly for the Fund to explore impact investing for part of the portfolio. The Office is on track to meet its carbon reduction targets by 2025 and is expanding the coverage of its targets to non-listed real estate as well as non-listed infrastructure. Lastly, the Fund became a signatory to the financial sector statement at the fifteenth Conference of the Parties to the Convention on Biological Diversity – a global initiative committing the financial community to contribute to the protection and restoration of biodiversity and ecosystems through financing activities and investments.

Statement

There are inherent limitations in the effectiveness of any internal control, including the possibility of human error or circumvention. Accordingly, even effective internal controls can provide only reasonable but not absolute assurance. Furthermore, because of changes in conditions, the effectiveness of internal controls may vary over time.

On the basis of the above, we conclude that, to our best knowledge and information, there were no material weaknesses in internal controls, in our respective areas of responsibility, during the year ended 31 December 2022.

Within the scope of our respective areas of responsibility, we are committed to addressing any weaknesses in internal controls identified during the year and ensuring continuous improvement in internal controls.

(*Signed*) Rosemarie **McClean**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

(*Signed*) Pedro **Guazo**
Representative of the Secretary-General
for the investment of the assets of the Fund

28 April 2023

Chapter IV
Financial overview

A. Message by the Chief Executive of Pension Administration and the Representative of the Secretary-General

1. Despite volatility in the global markets and geopolitical challenges in 2022, the United Nations Joint Staff Pension Fund remains financially sound and resilient, providing reliable services to its clients, while modernization efforts have continued.

2. The biennial actuarial valuation of the Fund as at 31 December 2021, as reviewed by the United Nations Joint Staff Pension Board in July 2022, reported a surplus. It established that the current contribution rate is sufficient for the Fund to remain sustainable over the long term, for current and future participants and beneficiaries. This meant that the Fund was in a strong position to absorb the market downturn in 2022, with the next actuarial valuation due to report to the Board in July 2024.

3. It is a fact that 2022 was a challenging year in terms of investment performance. However, when compared with our peers, we have been as effective at a substantially lower cost per assets under management over a five-year period. Since 1 January 2023, the value of the assets has regained 5 per cent, reaching over $82 billion as at 21 April 2023.

4. The Fund has continued to grow through an increase in participants and benefits in payment. While regarded as a mature fund, the balance between the number of participants and benefits in payment has remained stable in recent years. During 2022, the levels of contributions received and benefits paid were broadly similar in monetary terms, which exceeded the Fund's projections.

5. As in previous years, payments were issued on time and the banking crisis of the first months of 2023 had no impact on the distribution of benefits. The Fund continued to explore and set up new payment channels to ensure the transfer of benefit payments in countries with banking systems affected by geopolitical challenges. The Fund also outperformed its benchmark in pension processing, with more than 90 per cent of initial pension cases processed within 15 business days in 2022.

6. Meanwhile, the Fund has continued to modernize its operations, further simplifying and digitalizing interactions with its clients. We are particularly proud that one of the flagship projects, the digital certificate of entitlement application, won the United Nations Secretary-General's Award for innovation and sustainability in 2022.

7. We remain confident that the Fund will continue to deliver core services to its members while remaining sustainable over the long term.

B. Administration of the Fund

8. The Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund.

9. The Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Secretary-General appoints the independent Secretary of the Pension Board on the recommendation of the Pension Board. The Secretary of the Pension Board is responsible for a full range of secretariat conference management and services.

10. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter's responsibility for the administrative supervision of the Fund as a whole.

11. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General.

12. For detailed information about the purpose, administration, structure and management of the Fund, please refer to note 1 of the financial statements.

C. Key indicators

(Millions of United States dollars, except for the number of participants and the number of periodic benefits)

	Year				
	2022	*2021*	*2020*	*2019*	*2018*
Net assets available for benefits	77 918	91 460	81 512	72 034	60 776
Actuarial present value of accumulated plan benefits with pension adjustments	70 599	66 656	63 259	59 829	58 492
Net assets in excess of actuarial present value of accumulated plan benefits with pension adjustments	7 319	24 804	18 253	12 205	2 284
Investment (loss)/income	(13 458)	10 047	9 516	11 362	(3 307)
Pension contributions	3 121	2 969	2 847	2 689	2 457
Number of participants	143 612	137 261	134 632	131 583	128 594
Pension benefits	3 128	2 976	2 789	2 700	2 670
Number of periodic benefits	83 988	82 312	80 346	79 975	78 716
(Decrease)/increase in net assets available for benefits	(13 541)	9 948	9 477	11 258	(3 590)

D. Financial performance

Net assets available for benefits

13. The statement of net assets available for benefits provides information on the financial position of the Fund and presents the assets of the Fund less liabilities other than the actuarial present value of accumulated plan benefits. Meeting the requirements of International Accounting Standard 26, the Fund has opted to disclose the actuarial present value of accumulated plan benefits in a footnote.

14. Net assets available for benefits as at 31 December 2022 were $77,918.3 million (2021: $91,459.5 million), a decrease of $13,541.2 million (14.8 per cent).

15. The fair value of investments as at 31 December 2022 was $77,437.5 million (2021: $89,856.1 million), reflecting a decrease of $12,418.6 million (13.8 per cent). Details on the investment classes as at 31 December 2022 and 31 December 2021 are shown in the table below:

(Millions of United States dollars)

	31 December 2022	31 December 2021	Change	Percentage
Equities	39 246	52 022	(12 776)	(24.6)
Fixed income	24 132	24 742	(610)	(2.5)
Real assets	7 493	6 614	879	13.3
Alternatives and other investments	6 566	6 478	88	1.4
Investments	**77 437**	**89 856**	**(12 419)**	**(13.8)**
Cash and cash equivalents	750	1 625	(875)	(53.8)
Total	**78 187**	**91 481**	**(13 294)**	**(14.5)**

16. Total liabilities of the Fund as at 31 December 2022 were $691.4 million (2021: $309.6 million), an increase of $381.8 million, or 123.3 per cent. The increase in total liabilities was due primarily to the total increase in the amount payable from investments traded of $403.0 million.

Changes in net assets available for benefits

17. The statement of changes in net assets available for benefits provides information about the changes in the net assets of the Fund for a year categorized by investment income/(loss), pension contributions, pension benefits and administrative expenses.

18. There was a decrease in the net assets available for benefits for the year ended 31 December 2022 of $13,541.2 million (2021: increase of $9,947.9 million). The decrease was attributable primarily to investment loss for the year.

19. The investment loss for 2022 was $13,457.8 million (2021: income of $10,047.2 million). Investment loss for 2022 comprised mainly a net decrease in the fair value of investments of $14,739.9 million, dividend income of $830.2 million and interest income of $592.0 million.

20. Total contributions ($1,040.5 million from participants, $2,070.5 million from member organizations and $10.3 million from other contributions) for 2022 were $3,121.3 million (2021: $2,969.3 million), reflecting an increase of $152.0 million, or 5.1 per cent, compared with total contributions in 2021 (see sect. E, Participants and beneficiaries, for more details).

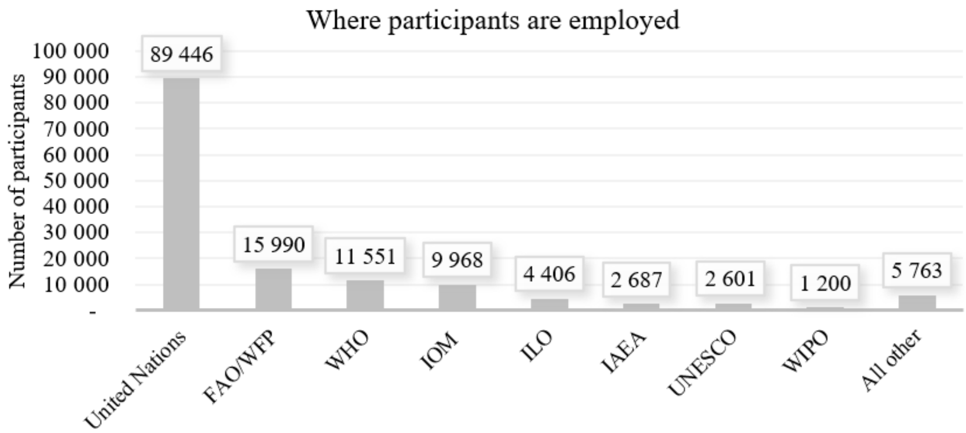
21. Pension benefits for 2022 of $3,128.2 million (2021: $2,975.8 million) reflected an increase of $152.4 million, or 5.1 per cent, compared with the benefits in 2021 (see sect. E, Participants and beneficiaries, for more details).

22. Administrative expenses for 2022 of $83.0 million (2021 on a comparable basis: $99.0 million) reflected a decrease of $16.0 million (16.2 per cent), due primarily to the decrease in liabilities for post-employment benefits.

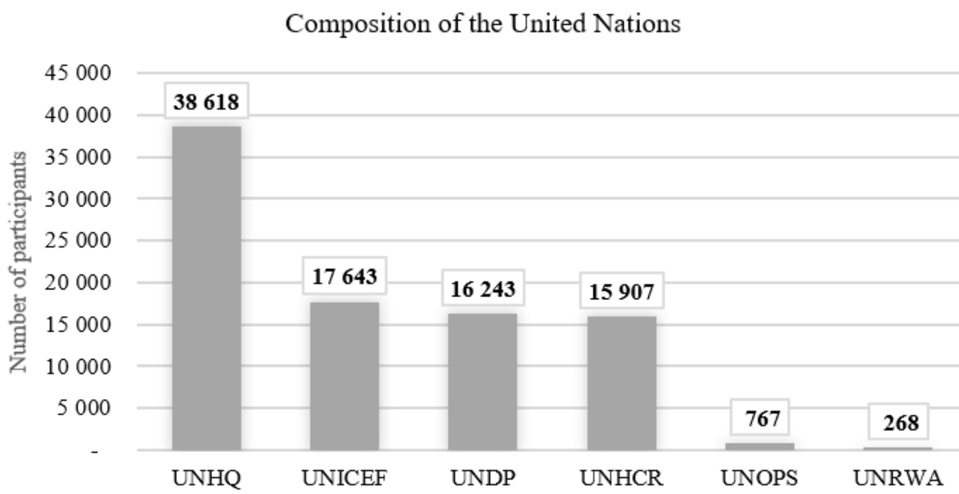
E. Participants and beneficiaries

23. The total number of participants as at 31 December 2022 was 143,612, an increase of 4.6 per cent from 31 December 2021. The total participant count rose by 2.0 per cent during 2021. Most of the increases were in the United Nations (3.0 per cent, from 86,827 to 89,446), the Food and Agriculture Organization of the United Nations, including the World Food Programme (15.0 per cent, from 13,900 to 15,990), and the International Organization for Migration (15.4 per cent, from 8,636 to 9,968).

24. The figures below illustrate the composition of the Fund's member organizations by participant count and the funds and programmes of the United Nations as at 31 December 2022.

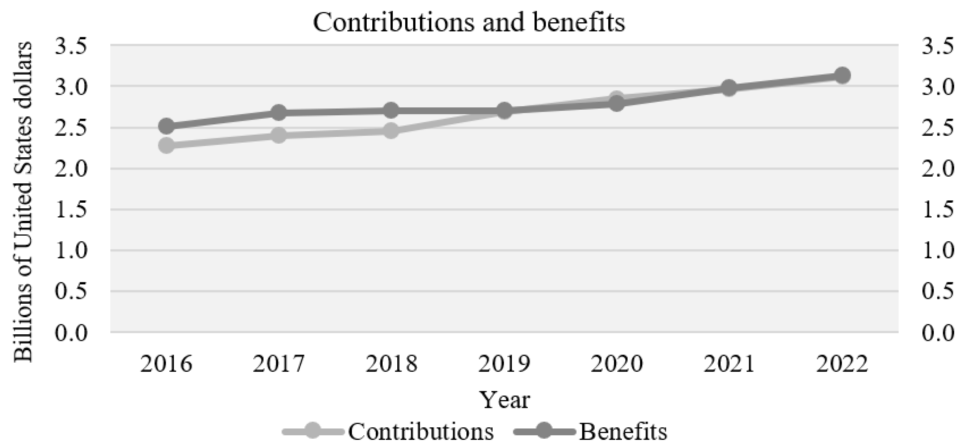


Abbreviations: FAO/WFP, Food and Agriculture Organization of the United Nations/World Food Programme; IAEA, International Atomic Energy Agency; ILO, International Labour Organization; IOM, International Organization for Migration; UNESCO, United Nations Educational, Scientific and Cultural Organization; WHO, World Health Organization; and WIPO, World Intellectual Property Organization.



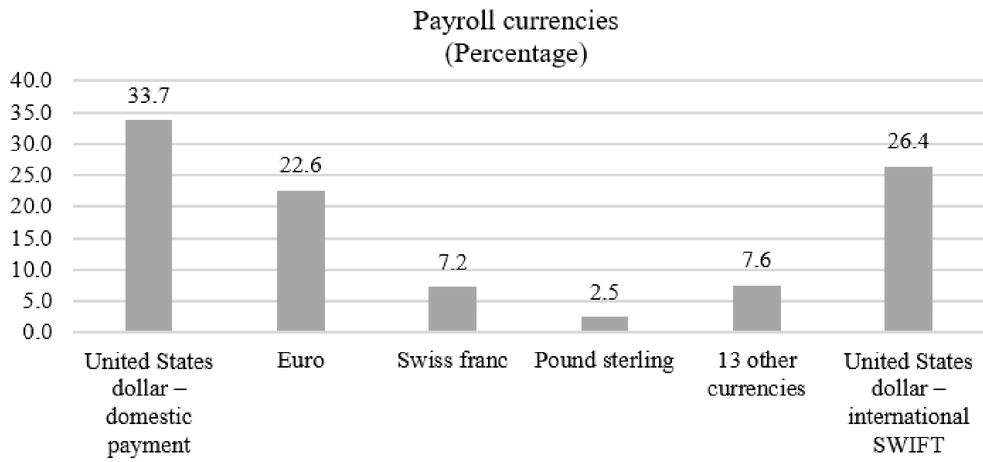
Abbreviations: UNDP, United Nations Development Programme; UNHCR, Office of the United Nations High Commissioner for Refugees; UNHQ, United Nations Headquarters; UNICEF, United Nations Children's Fund; UNOPS, United Nations Office for Project Services; and UNRWA, United Nations Relief and Works Agency for Palestine Refugees in the Near East.

25. The increase in the number of Fund participants, along with the increase in pensionable remuneration (6.2 per cent for all grades and steps in the Professional and higher categories from 1 February 2021 to 1 February 2022), contributed to the increase in pension contributions for the year 2022 by 5.1 per cent, from $2,969.3 million for the year ended 31 December 2021 to $3,121.3 million for the year ended 31 December 2022. As in the year 2021, the total contributions were exceeded slightly by the total pension benefits of $3,128.2 million during the year 2022. During the year 2021, the total contributions were $2,969.3 million and the total pension benefits were $2,975.8 million.



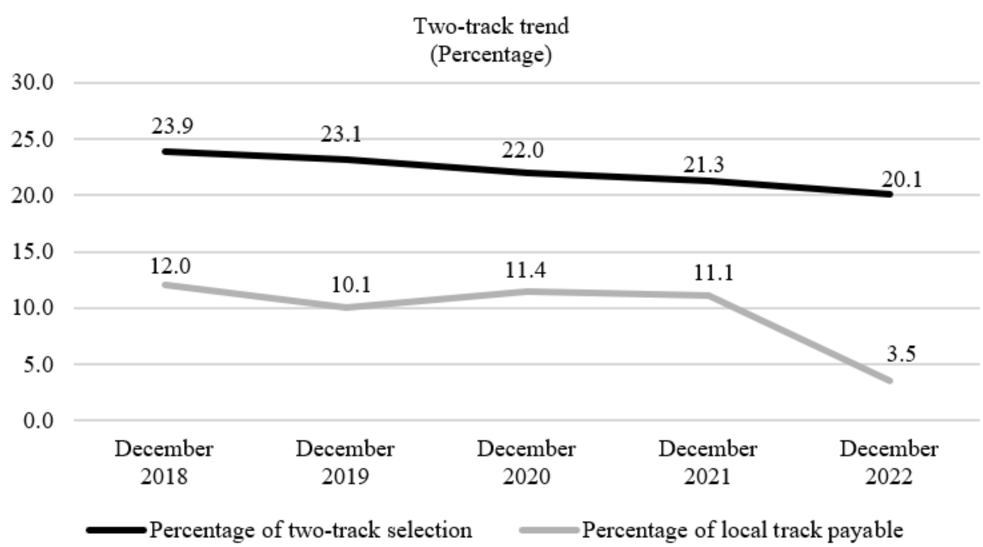
26. The Fund's beneficiaries reside in more than 190 countries. Most recipients of monthly periodic benefits request their benefits to be paid to banks in the country in which the member organization headquarters are located (United States of America, France, Switzerland, Austria, Italy or United Kingdom of Great Britain and Northern Ireland). However, a considerable number of beneficiaries use banks outside those countries. The Fund is fully committed to delivering payments in every jurisdiction of the world. Thus, the distribution of benefit payments is subject to global geopolitical challenges that disrupt banking conditions in affected locations (e.g. Afghanistan, Mali and Russian Federation).

27. The Fund transfers monthly benefit payments in 17 currencies, with more than two thirds paid using domestic payment methods, as shown in the figure below. The Fund continues to identify additional jurisdictions for payments in local currencies through the local banking accounts of member organizations. In 2022, more than 60 per cent of beneficiaries requested that their benefits be paid in United States dollars.



28. Since 2021, inflation has been increasing in the United States and around the world. To preserve the purchasing power of pension benefits, the Fund applies cost-of-living adjustments to its periodic benefits, annually or semi-annually, in the case of extreme inflation. The increase in inflation led to a substantial increase in benefit payments in 2022. Pensions on the United States dollar track were adjusted by 8.6 per cent in April 2022.

29. For beneficiaries residing outside the United States, the Fund offers an optional irrevocable two-track feature whereby their periodic benefit is calculated and maintained in both United States dollars (United States dollar track) and the local currency of the country of residence (local track). As of December 2022, 20 per cent of beneficiaries had opted for the two-track feature. The Fund observed that the vast majority of beneficiaries who had retired in recent years had chosen to receive their benefits on the United States dollar track. The payments to beneficiaries who have opted for the two-track feature are calculated and adjusted in their local currency and according to the consumer price index, but they receive a guaranteed minimum according to the United States dollar track. Owing to the strong dollar and relatively high inflation in the United States, the majority of two-track recipients now receive the guaranteed minimum under the United States dollar track.



F. Investment management

30. The Fund's long-term return objective is to earn the highest possible investment return consistent with the Fund's risk appetite, so as to deliver an investment return that at least meets over the long term (i.e. over 15-year periods and longer) the Fund's assumed real rate of return objective (i.e. the annual percentage return realized on an investment, which is adjusted for changes in prices due to inflation or other external effects), which is currently 3.5 per cent in United States dollars.

31. The investments are carried out within the framework of the Fund's investment policy statement, which is regularly and comprehensively updated following the completion of an asset-liability management study, conducted once every four years. The investment policy statement was last updated in 2022 (see www.unjspf.org/wp-content/uploads/2022/09/Investment-Policy-Statment-September-2022.pdf).

Strategic asset allocation as at 31 December 2022
(Percentage)

Asset class	*Minimum*	*Target*	*Maximum*	*Benchmark weight*	*Portfolio weight*
Global equities	38	53	68	50.94	50.59
Private equity	2	7	12	8.42	8.42
Real estate	2	8	16	9.17	9.17
Real assets[a]	–	1	5	0.47	0.47
Global fixed income	26	29	32	29.00	28.71
Investment, treasury and operational cash	1	2	5	2.00	2.64
Total	**–**	**100**	**–**	**100.00**	**100.00**

[a] Real assets include infrastructure, timberland and commodities.

32. In response to the global coronavirus disease (COVID-19) crisis and in addressing Office of Internal Oversight Services recommendations, the Office of Investment Management conducted an asset management and benchmark study in 2021, hiring an independent consultant to update the asset allocation on the basis of new market conditions and review the appropriateness of benchmarks for different asset classes. The study provides an implementable investment path for two- and five-year scenarios, consistent with the long-term perspective established in the 2019 asset-liability management study. The new public equity benchmark was effective from 1 June 2022. Based on a consultant's recommendation, the new benchmark follows a broader approach, instead of a region-based segmentation approach, by using a global benchmark without a bias towards emerging markets. The new fixed-income benchmark was effective from 1 September 2022 and introduced a corporate bond component, broadening the asset mix to capture a wider range of market opportunities and related returns. The new benchmark is also customized by excluding environmental, social and governance restricted securities.

33. In 2022, the Office of Investment Management continued its environmental, social and governance integration process, resulting in ratings of 4 to 5 stars in the 2021 Principles for Responsible Investing report and being ranked first in the 2021–2022 Responsible Asset Allocator Initiative Index and Leaders List Report (see www.unjspf.org/the-fund/sustainable-investing). The Sustainable Investing team was expanded with three new staff members dedicated to asset classes, and environmental, social and governance certifications were rolled out for investment teams. The Office adopted a new environmental, social and governance policy and developed Climate 2.0 and Equity 2.0 strategies. The Fund is on track to meet its carbon reduction targets by

2025 and is expanding coverage to non-listed real estate and infrastructure. Finally, the Office became a signatory to the financial sector statement at the fifteenth Conference of the Parties to the Convention on Biological Diversity, committing to protecting and restoring biodiversity and ecosystems through financing activities and investments.

34. At the beginning of 2023, there was volatility in the financial markets, in particular in the banking sector. As a result, the Fund has engaged in meetings with various committees to ensure proper governance and oversight. Despite these challenges, the Fund remains in a strong financial position, with its assets' market value estimated on a preliminary basis to be more than $82 billion as at 21 April 2023, which is approximately 5 per cent higher than its value on 31 December 2022. Additional information and weekly fund performance updates are available on the Fund's website (www.unjspf.org/the-fund/historical-fund-performance).

G. Actuarial matters

35. Ensuring the long-term sustainability of the Fund is of primary importance to the Pension Board, the participants, the beneficiaries and wider stakeholders. As with most other defined benefit pension plans, the Fund's solvency is closely monitored through two key studies:

(a) A biennial actuarial valuation, conducted for odd years;

(b) An asset-liability management study, usually carried out every four years.

36. Conducted by the Fund's independent consulting actuary, the actuarial valuation considers the Fund from three different perspectives:

(a) Open group valuation. This assumes that the Fund would be run in perpetuity with a continuous influx of new participants. The key metric from this valuation is the required contribution rate, which is the theoretical contribution rate that maintains a balance between liabilities and assets over the long term. This is the primary measure for the overall health of the Fund and its ability to remain open to existing and new participants. The 2021 actuarial valuation resulted in a required contribution rate of 21.4 per cent of pensionable remuneration, compared with the current actual contribution rate of 23.7 per cent, equating to an actuarial surplus of 2.3 per cent of pensionable remuneration;

(b) Closed group termination basis. This assumes that the Fund is closed immediately. The key metric from this valuation is the funded ratio and provides a view of the Fund's ability to meet its obligations if it were to be closed to all participants. The main purpose of this valuation is to establish any requirement to invoke article 26 of the Regulations and Rules of the Fund. The 2021 valuation resulted in a closed book valuation of $70,874 million in accrued benefit liabilities, compared with an actuarial value of assets of $82,912 million, resulting in a funded ratio of 117 per cent;

(c) Promised benefits. The actuarial present value of accumulated plan benefits does not include future new participants or future contributions from existing participants. It also does not take into account future increases in pensionable remuneration. This valuation is carried out only for the purpose of providing a measure of liabilities for the financial statements under International Accounting Standard 26. For even years, when no actuarial valuation is undertaken, the consulting actuary provides an estimate by rolling forward the liabilities from the previous valuation.

37. All three valuation approaches use demographic assumptions based on the Fund's own experience, which is reviewed biennially. Economic assumptions reflect the future long-term outlook for the Fund's investment returns and other economic metrics, including inflation. Asset values are based on a five-year market averaging method to limit the impact of short-term market fluctuations while still reflecting longer-term trends.

38. The actuarial present value of accumulated plan benefits as at 31 December 2022 and 31 December 2021 is as follows:

(Millions of United States dollars)

	31 December 2022	*31 December 2021*
Actuarial value of vested benefits		
Participants currently receiving benefits	38 368	36 784
Vested terminated participants	1 919	1 810
Active participants	28 938	26 790
Total vested benefits	**69 225**	**65 384**
Non-vested benefits	1 374	1 272
Total actuarial present value of accumulated plan benefits	**70 599**	**66 656**

39. Currently, the Fund is undergoing a new asset-liability management study with an independent adviser. The study incorporates updated capital market assumptions and evaluates several risk scenarios based on different fundamental assumptions. The findings of the new study will be presented to the Pension Board in July 2023.

H. Operating expenses

40. Operating expenses include administrative expenses, investment transaction costs and management fees expenses. Administrative expenses primarily include staff costs, contractual services, rent and general operating expenses. The General Assembly approves the annual budget for administrative expenses endorsed by the Pension Board, as well as the report of the Advisory Committee on Administrative and Budgetary Questions thereon. Transaction costs include explicit costs of trading securities such as broker commissions and transaction taxes. Management fees include fees of external managers and fees for investment in private equity and real estate funds.

41. The operating expenses of the Fund for the years ended 31 December 2022 and 31 December 2021 are as follows:

(Millions of United States dollars)

Operating expenses for the year ended 31 December 2022	*Secretariat of the Pension Board*	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Administrative expenses					
Staff cost	0.5	17.9	15.4	(0.4)	33.4
Contractual services and consultants	0.1	16.4	18.9	–	35.4
General operating expenses	0.3	7.1	4.7	2.1	14.2
Transaction cost and management fees expenses					
Management fees for investment in private equity and real estate funds	–	–	170.7	–	170.7
External managers' management fees	–	–	14.8	–	14.8
Investment transaction cost	–	–	14.8	–	14.8
Total operating expenses	**0.9**	**41.4**	**239.3**	**1.7**	**283.3**
As a percentage of total investments, and cash and cash equivalents	**–**	**–**	**0.306**	**–**	**–**

(Millions of United States dollars)

Operating expenses for the year ended 31 December 2021	*Secretariat of the Pension Board*	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Administrative expenses					
Staff cost	0.7	35.9	20.1	–	56.7
Contractual services and consultants	–	14.1	14.6	–	28.7
General operating expenses	–	8.1	3.7	1.8	13.6
Transaction cost and management fees expenses					
Management fees for investment in private equity and real estate funds	–	–	163.5	–	163.5
External managers' management fees	–	–	16.5	–	16.5
Investment transaction cost	–	–	21.2	–	21.2
Total operating expenses	**0.7**	**58.1**	**239.6**	**1.8**	**300.2**
As a percentage of total investments, and cash and cash equivalents	**–**	**–**	**0.262**	**–**	**–**

42. Please refer to note 16, Administrative expenses, of the financial statements for additional information on the Fund's administration expenses and note 13, Investment income, for additional information about transaction costs and management fees expenses.

43. The statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses provides an explanation of differences greater than 5 per cent between the budget and actual amounts in relation to the Fund's administrative expenses. Note 21 of the financial statements provides a reconciliation of actual amounts presented on the same basis as the budget and administrative expenses included in the statement of changes in net assets.

44. Internally and externally managed assets by asset class as at 31 December 2022 and 31 December 2021 were as follows:

(Millions of United States dollars)

As at 31 December 2022	*Internally managed*	*Externally managed*	*Total*
Equities	36 211	3 035	39 246
Fixed income	19 558	4 574	24 132
Real assets	–	7 493	7 493
Alternatives and other investments	–	6 566	6 566
Investments	**55 769**	**21 668**	**77 437**

(Millions of United States dollars)

As at 31 December 2021	*Internally managed*	*Externally managed*	*Total*
Equities	48 071	3 951	52 022
Fixed income	24 742	–	24 742
Real assets	–	6 614	6 614
Alternatives and other investments	–	6 478	6 478
Investments	**72 813**	**17 043**	**89 856**

45. External managers' fees for public market assets as at 31 December 2022 and 31 December 2021 were as follows:

(Millions of United States dollars)

Externally managed public market assets	*As at 31 December 2022*	*Management fees for the year 2022*
Equity	3 035	14.6
Fixed income	4 574	0.2
Total	**7 609**	**14.8**

(Millions of United States dollars)

Externally managed public market assets	*As at 31 December 2021*	*Management fees for the year 2021*
Equity	3 951	16.5
Fixed income	–	–
Total	**3 951**	**16.5**

46. External managers' fees for private market assets as at 31 December 2022 and 31 December 2021 were as follows:

(Millions of United States dollars)

Externally managed private market assets	*As at 31 December 2022*	*Unfunded commitment at of 31 December 2022*	*Management fees for the year 2022*
Real assets	7 493	2 942	87
Alternatives and other investments	6 566	4 560	83
Total	**14 059**	**7 502**	**170**

(Millions of United States dollars)

Externally managed private market assets	*As at 31 December 2021*	*Unfunded commitment at of 31 December 2021*	*Management fees for the year 2021*
Real assets	6 614	2 752	89
Alternatives and other investments	6 478	3 961	74
Total	**13 092**	**6 713**	**163**

I. Latest developments

47. Annual cost-of-living adjustments have been applied to periodic benefits, effective from the April 2023 payroll. Pensions on the United States dollar track have been adjusted by 6.4 per cent, and pensions on the local track of 112 two-track countries were also adjusted in April 2023. Notably, pensions on the local track of Switzerland have been adjusted by 4.2 per cent, marking the first adjustment since April 2008.

Chapter V

Financial statements for the year ended 31 December 2022

United Nations Joint Staff Pension Fund

I. Statement of net assets available for benefits

(Thousands of United States dollars)

	Note	*31 December 2022*	*31 December 2021*
Assets			
Cash and cash equivalents	4	749 749	1 625 122
Investments	5, 6		
Equities		39 246 356	52 022 627
Fixed income		24 131 952	24 741 886
Real assets		7 492 991	6 613 872
Alternatives and other investments		6 566 220	6 477 746
		77 437 519	**89 856 131**
Contributions receivable		70 607	46 800
Accrued income from investments	7	195 264	144 168
Receivable from investments traded	5	75 854	9 627
Withholding tax receivable	8	60 431	64 701
Other assets	9	20 303	22 643
Total assets		**78 609 727**	**91 769 192**
Liabilities			
Benefits payable	10	143 896	154 441
Payable from investments traded	5	418 750	15 767
After-service health insurance and other employee benefit liabilities	11	94 375	119 720
Other accruals and liabilities	12	34 360	19 711
Total liabilities		**691 381**	**309 639**
Net assets available for benefits		**77 918 346**	**91 459 553**

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

II. Statement of changes in net assets available for benefits

(Thousands of United States dollars)

	Note	*For the year 2022*	*For the year 2021*
Investment (loss)/income	13		
Net change in fair value of investments		(14 739 883)	8 709 060
Interest income		592 014	582 824
Dividend income		830 219	893 950
Income from unitized real estate funds		85 982	78 015
Less: transaction costs and management fees		(200 338)	(201 233)
Less: withholding tax		(24 560)	(12 701)
Other investment-related expenses, net		(1 264)	(2 744)
		(13 457 830)	**10 047 171**
Pension contributions	14		
From participants		1 040 470	990 272
From member organizations		2 070 460	1 969 606
Other contributions		10 341	9 387
		3 121 271	**2 969 265**
Pension benefits	15		
Withdrawal settlements and full commutation benefits		173 913	204 672
Retirement benefits		2 959 277	2 785 110
Other benefits/adjustments		(4 943)	(14 005)
		3 128 247	**2 975 777**
Income from services provided to the United Nations	2.3	8 304	7 995
Administrative expenses	16	83 040	99 010
Other expenses	17	1 665	1 766
(Decrease)/increase in net assets available for benefits		**(13 541 207)**	**9 947 878**

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

III. Cash flow statement

(Thousands of United States dollars)

	Note	For the year 2022	For the year 2021
Cash flows from investing activities			
Purchase of investments		(41 841 243)	(28 640 783)
Proceeds from sale/redemption of investments		39 857 082	28 398 707
Dividends received from equity investments		804 019	880 167
Interest received from cash and cash equivalents and fixed income investments		548 588	575 541
Income received from unitized real estate funds		84 690	77 734
Other investment-related expenses, net		(3 684)	(2 744)
Transaction costs, management fees and other expenses paid		(200 988)	(203 165)
Withholding taxes reimbursement		12 571	12 409
Net cash (used)/provided by investing activities		**(738 965)**	**1 097 866**
Cash flows from operating activities			
Contribution from member organizations and participants		3 094 327	2 964 729
Benefits payments		(3 133 540)	(2 961 765)
Net transfer (to)/from other plans		(974)	4 756
Administrative expenses paid		(105 837)	(84 464)
Other expenses paid		(1 670)	(1 766)
Services provided to the United Nations		8 304	7 995
Net cash used by operating activities		**(139 390)**	**(70 515)**
Net (decrease)/increase in cash and cash equivalents		**(878 355)**	**1 027 351**
Cash and cash equivalents at the beginning of year	4	1 625 122	591 585
Exchange gains on cash and cash equivalents		2 982	6 186
Cash and cash equivalents at the end of year	**4**	**749 749**	**1 625 122**

The accompanying notes are an integral part of these financial statements.

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2022

(Thousands of United States dollars)

	Appropriation 2022[a]	*Actuals on a comparable basis 2022*	*Variance*	*Percentage*
A. Secretariat of the Pension Board				
Posts	610.9	654.1	43.2	7
Other staff costs	47.2	11.1	(36.1)	(76)
Consultants	–	1.8	1.8	–
Travel of representatives	287.2	194.3	(92.9)	(32)
Travel of staff	40.0	36.4	(3.6)	(9)
Contractual services	235.1	59.3	(175.8)	(75)
General operating expenses	155.3	103.2	(52.1)	(34)
Furniture and equipment	–	1.4	1.4	–
Subtotal	**1 375.7**	**1 061.6**	**(314.1)**	**(23)**
B. Pension Administration				
Posts	31 352.6	31 923.1	570.5	2
Other staff costs	4 999.6	3 295.4	(1 704.2)	(34)
Hospitality	3.2	–	(3.2)	(100)
Consultants	323.6	68.3	(255.3)	(79)
Travel of staff	303.0	249.1	(53.9)	(18)
Contractual services[b]	16 912.4	17 972.9	1 060.5	6
General operating expenses	9 809.6	8 718.5	(1 091.1)	(11)
Supplies and materials	42.3	37.8	(4.5)	(11)
Furniture and equipment	561.0	183.2	(377.8)	(67)
Subtotal	**64 307.3**	**62 448.3**	**(1 859.0)**	**(3)**
C. Office of Investment Management				
Posts	22 427.2	20 897.7	(1 529.5)	(7)
Other staff costs	2 934.2	1 978.9	(955.3)	(33)
Hospitality	2.0	0.7	(1.3)	(65)
Consultants	183.6	168.1	(15.5)	(8)
Travel of representatives	88.2	27.8	(60.4)	(68)
Travel of staff	205.2	198.0	(7.2)	(4)
Contractual services	23 422.2	19 539.8	(3 882.4)	(17)
General operating expenses	4 665.7	4 021.7	(644.0)	(14)
Supplies and materials	13.3	21.5	8.2	62
Furniture and equipment	109.8	440.5	330.7	301
Subtotal	**54 051.4**	**47 294.7**	**(6 756.7)**	**(13)**

	Appropriation 2022[a]	*Actuals on a comparable basis 2022*	*Variance*	*Percentage*
D. Audit				
External audit	393.2	393.2	–	–
Internal audit	1 691.5	1 724.0	32.5	2
Subtotal	**2 084.7**	**2 117.2**	**32.5**	**2**
Total administrative expenses	**121 819.1**	**112 921.8**	**(8 897.3)**	**(7)**

Note: The purpose of this statement is to compare budget amounts to actual amounts on a comparable basis, i.e. actual amounts on the same basis as the budget. Given that the Fund's budget is prepared on a modified cash basis and the actual costs on a comparable basis are consequently also shown on a modified cash basis, the total for actual costs on a comparable basis does not agree with the administrative expenses shown in the statement of changes in net assets because that statement is prepared on an accrual basis.

[a] The General Assembly approved the appropriation for 2022 in its resolution 76/246.

[b] Actuals include the expenditure for the United Nations International Computing Centre of $8.5 million.

United Nations Joint Staff Pension Fund

IV. Statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2022 (continued)

Explanation of significant differences (greater than +/-5 per cent) between budget and actual amounts on a comparable basis

A. Secretariat of the Pension Board

Posts: The overexpenditure relates primarily to higher actual salary costs resulting from higher actual post adjustments and lower-than-budgeted vacancy rates.

Other staff costs: The underexpenditure is due to lower-than-projected requirements for general temporary assistance.

Consultants: The expenditure is for technical consultation for interpretation services for the Pension Board meeting for which resources were provisioned under general operating expenses.

Travel: The underexpenditure relates primarily to a decrease in the number of days of travel requirements for the Federation of Associations of Former International Civil Servants to attend the Pension Board meeting from 10 to 6 days, as well as a reduction in the number of travellers from six to four.

Contractual services: The underexpenditure is attributable to the utilization of internal resources to implement the decisions of the General Assembly on governance, instead of the resources specifically provisioned for it under contractual services.

General operating expenses: The underexpenditure is due to lower-than-anticipated expenditure for conference and catering services for the Pension Board meeting.

Furniture and equipment: The expenditure is for the acquisition of software for interpretation services for the Pension Board meeting for which resources were provisioned under general operating expenses.

B. Pension Administration

Other staff costs: The underexpenditure is attributable to lower-than-projected expenditure for general temporary assistance stemming from difficulties in attracting and recruiting qualified temporary staff.

Hospitality: The underexpenditure is due to the absence of hospitality events in 2022.

Consultants: The underexpenditure is due to the non-utilization of resources provisioned for: (a) conducting process mapping and developing business requirements for system enhancement and continuous improvement projects; (b) undertaking benchmarking studies; and (c) programme management for the strategy deployment framework, as internal resources were utilized instead or postponed to 2023.

Travel: The underexpenditure relates to efforts by the Pension Administration to reduce travel expenditure, whenever feasible, by reducing the number of individuals travelling on official business and consolidating trips, as well as leveraging technology to conduct business meetings.

Contractual services: The overexpenditure is due to the higher-than-budgeted cost of information technology-related projects, including workflow implementation, enhancement and integration of the Integrated Pension Administration System, and migration of application servers to cloud services.

General operating expenses: The underexpenditure relates mainly to: (a) savings in the costs of utility and facility management, as well as lower real estate taxes for the New York Office; (b) savings in rent costs for the Geneva Office owing to the move from the Octagon building to the Palais des Nations buildings; (c) the lower-than-anticipated cost of United Nations administrative services; and (d) the non-utilization of resources for the review of medical board and United Nations Appeals Tribunal cases.

Supplies and materials: The underexpenditure is due to the lower-than-projected requirements for supplies and materials, as staff continued to work remotely for most working days.

Furniture and equipment: The underexpenditure relates to the lower-than-anticipated requirement for the replacement of servers.

C. Office of Investment Management

Posts: The underexpenditure is due primarily to higher-than-budgeted vacancy rates, offset partly by higher actual post adjustments.

Other staff costs: The underexpenditure is attributable to lower-than-projected expenditure for general temporary assistance stemming from difficulties in recruiting qualified temporary staff.

Hospitality: The underexpenditure is due to fewer hospitality events in 2022.

Consultants: The underexpenditure is due to the lower-than-anticipated requirement for consultants for the culture transformation exercise.

Travel: The underexpenditure is due to the cancellation or postponement of planned travel events.

Contractual services: The underexpenditure relates primarily to resources for the data warehouse, target operating model and risk adviser, owing to the timing of the procurement process.

General operating expenses: The underexpenditure relates mainly to lower real estate taxes and savings in the costs of utility and facility management.

Supplies and materials: The overexpenditure relates to the acquisition of a market data licence for which resources were provisioned under contractual services.

Furniture and equipment: The overexpenditure relates to the acquisition of network equipment to upgrade the information technology infrastructure.

United Nations Joint Staff Pension Fund
Notes to the financial statements

Note 1
Description of the plan

1. The following is a brief description of the United Nations Joint Staff Pension Fund. The Regulations and Administrative Rules of the Fund in force are available at the Fund's website (www.unjspf.org).

1.1 General

2. The Fund was established by the General Assembly in 1949 to provide retirement, death, disability and related benefits for staff of the United Nations and the other international organizations admitted to membership in the Fund. The Fund is a multiple-employer defined benefit plan and there were 25 member organizations participating in the Fund as at 31 December 2022. All participating organizations and employees contribute to the Fund on the basis of pensionable remuneration. The contribution rate is a fixed rate of 7.9 per cent for participants and 15.8 per cent for employers (see also note 3.5).

3. The Fund is governed by the United Nations Joint Staff Pension Board made up of: (a) 12 members appointed by the United Nations Staff Pension Committee, 4 of whom are elected by the General Assembly, 4 appointed by the Secretary-General and 4 elected by the participants in service in the United Nations; and (b) 21 members appointed by the staff pension committees of the other member organizations in accordance with the rules of procedure of the Fund, 7 of whom are chosen by the bodies of the member organizations corresponding to the Assembly, 7 appointed by the chief administrative officers of the member organizations and 7 chosen by the participants in service.

1.2 Administration of the Fund

4. The United Nations Joint Staff Pension Board, a subsidiary organ of the General Assembly, has the overall supervisory responsibility for the administration of the Fund and for the observance of the Regulations and Rules of the Fund. The Pension Board appoints an independent Secretary who is responsible for a full range of secretariat conference management and services. The role of the Secretary of the Pension Board is distinct from the roles and responsibilities pertaining to all aspects of the management, administration and investments of the Fund. The Secretary of the Pension Board reports directly to the Pension Board.

5. The Chief Executive of Pension Administration is appointed by the Secretary-General on the recommendation of the Pension Board.

6. The Chief Executive acts under the authority of the Pension Board in the discharge of the latter's responsibility for administrative supervision of the Fund as a whole. This includes responsibility for strategic planning and operational direction; the establishment of policy; the administration of the Fund's operations and certification of benefit payments; risk management; regulatory compliance; the overall supervision of staff; and stakeholder communications. Pension Administration staff, under the authority of the Chief Executive, provide technical support services, prepare background documentation and offer guidance and advice to the Pension Board and its subsidiary bodies, including its Standing Committee and the Committee of Actuaries. The Chief Executive serves as Secretary of the United Nations Staff Pension Committee. The Chief Executive participates in the meetings of the Fifth Committee of the General Assembly, the Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Commission (ICSC) and any other pertinent bodies. In accordance with article 7 (b) of the Fund's Regulations, in the absence of the Chief Executive, the Deputy Chief Executive performs the functions of the Chief Executive.

7. The investment of the assets of the Fund is decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Pension Board on the investments policy. The Secretary-General has delegated his authority and responsibility to act on his behalf in all matters involving his fiduciary duties related to the investment of the assets of the Fund to the Representative of the Secretary-General for the investment of the assets of the Fund. The Representative of the Secretary-General arranges for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which are open to examination by the Pension Board.

8. A range of administrative functions supporting the Pension Board secretariat, the Pension Administration and the Office of Investment Management are provided by the Fund's executive office reporting to the Deputy Chief Executive.

9. The Chief Financial Officer reports to the Chief Executive and to the Representative of the Secretary-General in their respective substantive responsibilities. The Chief Financial Officer is responsible for formulating financial policy for the Fund, for reviewing budgetary, financial and accounting operations of the Fund and for ensuring that an adequate financial control environment of the Fund is in place to protect the Fund's resources and guarantee the quality and reliability of financial reporting. In addition, the Chief Financial Officer is responsible for setting the rules for the collection from the different information systems and areas of the Fund, the financial and accounting data necessary for the preparation of the Fund's financial statements and has full access to such systems and data. The Chief Financial Officer ensures that the financial statements comply with the Regulations and Rules of Fund, the accounting standards adopted by the Fund and the decisions of the Pension Board and the General Assembly. The Chief Financial Officer also certifies the Fund's financial statements.

1.3 Participation in the Fund

10. Members of the staff of each of the 25 member organizations of the Fund become participants in the Fund upon commencing employment under an appointment for six months or longer or upon completion of six months service without an interruption of more than 30 days. As at 31 December 2022, the Fund had contributors (participants) from member organizations and agencies, including the main United Nations Secretariat, the United Nations Children's Fund, the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees and other funds and programmes, as well as the various specialized agencies such as the Food and Agriculture Organization of the United Nations, the World Health Organization, the International Organization for Migration, the International Labour Organization, the International Atomic Energy Agency and the United Nations Educational, Scientific and Cultural Organization (see annex for a complete list of member organizations). Periodic benefits are currently paid to individuals in some 190 countries.

1.4 Operation of the Fund

11. Participant and beneficiary processing and queries are handled by operations of the Pension Administration, in offices located in New York, Geneva, Nairobi and Bangkok. All the accounting for operations is handled in New York by the centralized Financial Services. The Financial Services of the Pension Administration also manage receipt of monthly contributions from member organizations and the disbursement of the monthly pension payroll.

12. The Representative of the Secretary-General is assisted by the staff of the Office of Investment Management where investments are traded and processed, and investment transactions are reconciled and accounted for.

1.5 Actuarial valuation of the Fund

13. Article 12 of the Regulations of the Fund provides that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years. The Fund performs actuarial valuations every two years and intends to continue to do so in the future. Article 12 further provides that the actuarial report shall state the assumptions on which the calculations are based, describe the methods of valuation used and state the results, as well as the recommendations, if any, for appropriate action. See note 18 for the actuarial situation of the Fund as at 31 December 2022.

1.6 Retirement benefit

14. Any participant who has five years of contributory service receives, upon separation at or after normal retirement age, a retirement benefit payable for the remainder of his or her life. “Normal retirement age” means age 60 for a participant whose service commenced prior to 1 January 1990; age 62 for a participant whose service commenced or recommenced on or after 1 January 1990 and before 1 January 2014; and age 65 for a participant whose service commenced or recommenced on or after 1 January 2014.

15. The standard annual rate of retirement benefit for a participant who enters the Fund on or after 1 January 1983 is the sum of:

(a) 1.5 per cent of final average remuneration multiplied by the first five years of contributory service;

(b) 1.75 per cent of final average remuneration multiplied by the next five years of contributory service;

(c) 2 per cent of final average remuneration multiplied by the next 25 years of contributory service;

(d) The years of contributory service in excess of 35 and performed as from 1 July 1995, by 1 per cent of the final average remuneration, subject to a maximum total accumulation rate of 70 per cent.

16. The standard annual rate of retirement benefit for a participant who entered the Fund prior to 1 January 1983 is 2 per cent of final average remuneration multiplied by contributory service not exceeding 30 years plus 1 per cent of final average remuneration multiplied by such service in excess of 30 years, not exceeding 10 years.

17. The maximum benefit to participants, subject to the terms specified in the Regulations and Rules of the Fund, is the greater of 60 per cent of pensionable remuneration at the date of separation or the maximum benefit that would be payable, at that date, to a participant at the D-2 level (top step for the preceding five years).

18. The retirement benefit shall, however, be payable at the minimum annual rate that is obtained by multiplying the years of the participant’s contributory service, not exceeding 10, by the smaller of $180 (subject to subsequent adjustments in accordance with the movement of the United States of America consumer price index under the pension adjustment system) or one thirtieth of the final average remuneration.

19. The annual rate of the retirement benefit shall nevertheless not be less, when no other benefit is payable on account of the participant, than the smaller of $300 (subject to subsequent adjustments in accordance with the movement of the United States consumer price index under the pension adjustment system) or the final average remuneration of the participant.

20. “Final average remuneration” means the average annual pensionable remuneration of a participant during the 36 completed months of highest pensionable remuneration within the last five years of contributory service.

21. A participant may, except in the case where a minimum benefit is payable and he or she does not waive the rights thereto, elect to receive: (a) if the retirement benefit is $300 per annum or more, a lump sum not greater than the larger of one third of the actuarial equivalent of the retirement benefit (not exceeding the maximum amount payable to a participant then retiring at normal retirement age, with final average remuneration equal to the pensionable remuneration for the top step of the P-5 level) or the amount of the participant’s own contributions at retirement, and the participant’s retirement benefit is then reduced accordingly; or (b) if the participant’s retirement benefit is less than $1,000 per annum, the lump sum actuarial equivalent of the full retirement benefit, including the prospective spouse’s benefit, if any, if the participant so elects.

Early retirement

22. An early retirement benefit is payable to a participant whose age on separation is at least 55 (58 for a participant whose participation commenced on or after 1 January 2014) but less than the normal retirement age and who has five years or more of contributory service at separation.

23. The early retirement benefit for a participant whose participation commenced prior to 1 January 2014 is payable at the standard annual rate for a retirement benefit reduced by 6 per cent for each year between retirement date and normal retirement age, except that: (a) if the participant has completed 25 but less than 30 years of contributory service at the date of retirement, the part of the benefit for service before 1 January 1985 is reduced by 2 per cent a year, and the remaining part of the benefit is reduced by 3 per cent a year; or (b) if the participant has completed 30 or more years of contributory service at the date of retirement, the benefit is reduced by 1 per cent a year; provided, however, that the rate in (a) or (b) applies to no more than five years. The methodology of calculation of the early retirement benefits for employees participating on or after 1 January 2014 is detailed in article 29 of the Regulations and Administrative Rules of the Fund.

24. The early retiree may elect to receive a lump sum on the same terms as for a retirement benefit.

Separation from service prior to eligibility for early retirement

25. A deferred retirement benefit is payable to a participant whose age on separation is less than normal retirement age and who has five years or more of contributory service at separation. The deferred retirement benefit is payable at the standard rate for a retirement benefit and commences at normal retirement age. The participant may elect to have the benefit commence at any time once the participant becomes eligible to receive an early retirement benefit from the Fund on the same terms as for an early retirement benefit.

26. A withdrawal settlement is payable to a participant separating from service before normal retirement age or on or after normal retirement age if the participant is not entitled to a future retirement benefit. The participant receives his or her own contributions increased by 10 per cent for each year of contributory service in excess of five years, to a maximum increase of 100 per cent.

1.7 Disability benefit

27. A disability benefit is payable to a participant incapacitated for further service for a period likely to be permanent or of long duration.

28. The disability benefit is payable at the standard or minimum annual rate for a retirement benefit if the participant is at least normal retirement age at the time of disability. If the participant is under normal retirement age, it is payable at the rate of the retirement benefit to which the participant would have been entitled if he or she had remained in service until normal retirement age and his or her final average remuneration had remained unchanged.

29. The annual rate of the benefit shall, notwithstanding the above, not be less, when no other benefit is payable on account of the participant, than the smaller of $500 (subject to subsequent adjustments in accordance with the movement of the United States consumer price index under the pension adjustment system) or the final average remuneration of the participant.

1.8 Survivor's benefit

30. A benefit is payable to a surviving spouse of a participant who was entitled to a retirement, early retirement, deferred retirement or disability benefit at the date of his or her death or who died in service, if he or she was married at the time of separation and remained married at the time of death. Certain limitations on eligibility apply in cases of divorced surviving spouses. The surviving spouse's benefit is, in general, payable at half the amount of the participant's retirement or disability benefit and is subject to certain minimum levels.

1.9 Child benefit

31. A child benefit is payable to each child under the age of 21 of a participant who is entitled to a retirement, early retirement, or disability benefit or who has died in service, while the child remains under 21. The benefit may also be payable in certain circumstances to a child who is over the age of 21, such as when the child is found to have been incapacitated for substantial gainful employment. The child benefit for each child is generally one third of any retirement or disability benefit due to a participant or that would have been due in the case of a participant who died in service, subject to certain minimum amounts and limited in terms of maximum amount. In addition, there are certain total maximum amounts that apply in cases of multiple children of the same participant.

1.10 Other benefits

32. Other benefits include the secondary dependant's benefit and the residual settlement benefit. A full description of these benefits is available in the Regulations and Administrative Rules of the Fund.

1.11 Pension adjustment system

33. The provisions of the Fund's pension adjustment system provide for periodic cost-of-living adjustments in benefits. In addition, for participants who retire in a country whose currency is not the United States dollar, the current pension adjustment system is intended to ensure that, subject to certain minimum and maximum provisions, a periodic benefit never falls below the "real" value of its dollar amount, as determined under the Regulations of the Fund, and preserves its purchasing power as initially established in the currency of the recipient's country of residence. This is achieved by establishing a dollar base amount and a local currency base amount (the two-track system).

34. The real value of a dollar amount is that amount adjusted over time for movements of the United States consumer price index, while the purchasing power of a recipient's benefit, once established in local currency, is preserved by adjusting it to follow movements of the consumer price index in his or her country of residence. An annual cost-of-living adjustment is conducted on 1 April and the adjustment is made if the consumer price index movement is greater than or equal to 2 per cent from the date of the last adjustment to December. If the applicable consumer price index has moved by 10 per cent or more from December to June, a semi-annual adjustment is made on 1 October.

1.12 Funding policy

35. As a condition of participation in the Fund, participants are required to contribute 7.9 per cent of their pensionable remuneration to the plan and earn interest at a rate of 3.25 per cent per year in accordance with article 11 (c) of the Regulations of the Fund. The participants' contributions for the year ended 31 December 2022 and 31 December 2021 were $1,040.5 million and $990.3 million, respectively. The contribution figures do not include interest on the contributions.

36. The member organizations' funding policy is to make contributions on an estimated monthly basis and then to reconcile these estimated amounts in an annual year-end process. The member organizations' contributions are also expressed as a percentage of the participants' pensionable remuneration as defined in article 51 of the Regulations of the Fund. In accordance with the article 25 of the Regulations of the Fund, the member organizations' contribution rate is currently 15.8 per cent and the contributions to the Fund totalled $2,070.5 million and $1,969.6 million during calendar years 2022 and 2021 respectively. When combined with the participants' contributions and expected investment returns, total funding is estimated to be sufficient to provide for all employees' benefits by the time they retire.

37. The assets of the Fund are derived from:

(a) The contributions of the participants;

(b) The contributions of the member organizations;

(c) The yield from the investments of the Fund;

(d) Deficiency payments, if any, under article 26 of the Regulations of the Fund;

(e) Receipts from any other source.

1.13 Plan termination terms

38. Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board, following an application for termination by a member organization or continued default by an organization in its obligations under the Regulations of the Fund.

39. In the event of such termination, a proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund on such date, pursuant to an arrangement mutually agreed between such organization and the Pension Board.

40. The amount of the proportionate share shall be determined by the Pension Board after an actuarial valuation of the assets and liabilities of the Fund.

41. In the event that an actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under the Regulations, there shall be paid into the Fund by each member organization the sum necessary to make good the deficiency.

42. Each member organization shall contribute to this sum an amount proportionate to the total contributions that each paid under article 25 during the three years preceding the valuation date.

43. The contribution of an organization admitted to membership less than three years prior to the valuation date shall be determined by the Pension Board.

1.14 Changes in funding policy and plan terminations terms during the reporting period

44. There were no changes in the funding policy or plan termination terms during the reporting period.

Note 2
General information

2.1 Basis of presentation

45. In accordance with the Regulations of the Fund, adopted by the General Assembly, and the Administrative Rules of the Fund, including the financial rules, established by the Pension Board and reported to the Assembly and the member organizations, the accompanying financial statements have been prepared on the accrual basis of accounting in accordance with the International Public Sector Accounting Standards (IPSAS) and International Accounting Standard 26, Accounting and reporting by retirement benefit plans. The financial statements of the Fund consist of the following:

(a) A statement of net assets available for benefits;

(b) A statement of changes in net assets available for benefits;

(c) A statement of cash flows;

(d) A statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses;

(e) A note disclosing the actuarial present value of defined retirement benefits, distinguishing between vested benefits and non-vested benefits;

(f) Notes to the financial statements, comprising a summary of significant accounting policies and other explanatory notes.

46. The Fund adopted IPSAS as from 1 January 2012. This also specifically included the adoption of International Accounting Standard 26, Accounting and reporting by retirement benefit plans, of the International Financial Reporting Standards. While International Accounting Standard 26 provides accounting guidance, it also offers direction on the presentation of financial statements, given that it requires the presentation of a statement of net assets available for benefits and a statement of changes in net assets available for benefits. Given that the Fund has incorporated the guidance in International Accounting Standard 26 into its financial policies, the presentation of its financial statements is based on this guidance. On a voluntary basis, the Fund has presented cash flow statements on a comparative basis in accordance with IPSAS 2: Cash flow statements. Additional information is presented where required by IPSAS. For example, as required by IPSAS 24: Presentation of budget information in financial statements, the Fund has included in its financial statements a comparison of budget and actual amounts on a comparable basis and a reconciliation between the actual amounts on a comparable basis (see note 21). While it is stated in IPSAS 24 that the actual cost on a comparable basis should be reconciled to the cash flows from operating, investing and financing activities as presented in the cash flow statement, management has decided to reconcile these amounts to the administrative expenses recognized in the statement of changes in net assets. This is due to the fact that the Fund's budget is limited to the administrative expenses incurred in a year.

47. The financial statements are prepared on an annual basis. The financial statements are presented in dollars and all values are rounded to the nearest thousand dollars, except where otherwise indicated.

2.2 Significant standards, interpretations and amendments during the year

48. In August 2018, the IPSAS Board issued IPSAS 41: Financial instruments, which establishes new requirements for classifying, recognizing and measuring financial instruments and replaces those in IPSAS 29 Financial instruments: recognition and measurement. IPSAS 41 is based on International Financial Reporting Standard 9, Financial instruments, developed by the International Accounting Standards Board. The significant changes introduced by IPSAS 41, compared with IPSAS 29, are the application of a single classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held; the application of a single forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing; and the application of an improved hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. The standard is effective for annual reporting periods beginning on or after 1 January 2023, with early adoption permitted. Given that the Fund's investments are already measured at fair value, the analysis undertaken by the Fund indicates that the impact of change on measurement of financial instruments is not expected to be material. The Fund expects to finish evaluating the requirements of IPSAS 41 in detail and the impact of the change in disclosure requirements on the Fund's financial statements during the year 2023.

49. In January 2022, the IPSAS Board issued IPSAS 43: Leases, which provides guidance on the recognition, measurement, presentation and disclosure of leases by replacing IPSAS 13: Leases. For lessees, IPSAS 43 introduces a right-of-use model that replaces the risks and rewards incidental to ownership model in IPSAS 13. This standard is effective for annual reporting periods beginning on or after 1 January 2025, with early adoption permitted. The Fund expects to finish evaluating the requirements of IPSAS 43 in detail and the impact of the change in measurement and disclosure requirements on the Fund's financial statements during the year 2024.

50. Other accounting standards and amendments to the existing standards that have been issued by the IPSAS Board are either not expected to have any impact or have an immaterial impact on the Fund's financial statements.

2.3 Other general information

51. The Fund compiles its financial statements with data collected from three main areas. For operational activities (pension contributions and pension benefits), the Fund maintains its own records on the Integrated Pension Administration System. For investment activities, the Fund receives a monthly general ledger feed from the independent record keeper collected and reconciled from source data provided by the Office of Investment Management and fund managers. For administrative expenses, the Fund utilizes United Nations systems (Umoja) to record and compile its administrative expense activity. Umoja provides information on a modified cash basis, which is subsequently restated to a full accrual basis by the Fund. Some of the administrative expenses of the Fund, including costs associated with the administrative tasks of the Staff Pension Committee secretariat performed by the Fund on behalf of the United Nations, are reimbursed by the United Nations under the terms of a cost-sharing arrangement.

Note 3
Significant accounting policies

3.1 Cash and cash equivalents

52. Cash and cash equivalents are held at nominal value and include cash on hand, cash held with external managers and short-term highly liquid time deposits held with financial institutions with maturities of three months or less from the date of acquisition.

3.2 Investments

Classification of investments

53. All investments of the Fund are designated at fair value through surplus and deficit. Consequently, the Fund's investments are carried and reported at fair value on the statement of net assets available for benefits with changes in fair value recognized in the statement of changes in net assets available for benefits. Purchases and sales of securities are recorded on a trade date basis. The designation and classification of the investments are carried out at initial recognition and reassessed at each reporting date.

54. Any transaction costs arising as part of an investment trade designated at fair value are expensed and recognized in the statement of changes in net assets.

55. The Fund classifies its investments into the following categories:

- Equities (including exchange-traded funds, common and preferred stocks, stapled securities and publicly traded real estate investment trusts)
- Fixed income (including government and agencies securities, corporate and municipal/provincial bonds and mortgage/asset-backed securities)
- Real assets (including investments in funds where the underlying assets are real assets such as real estate, infrastructure assets and timberland)
- Alternative and other investments (including investments in private equity funds)

Valuation of financial instruments

56. The Fund uses the established and documented process of its independent record keeper for determining fair values, which is reviewed and validated by the Fund at the reporting date. Fair value is based on quoted market prices where available. If fair market value is not available, appropriate valuation techniques are used.

57. Investments in certain commingled funds, private equity and private real assets investment funds are not quoted in an active market and therefore do not have a readily determinable fair market value. However, the fund managers generally report investments of the funds on a fair value basis. Therefore, the Fund determines fair value using the net asset value information as reported by the investee fund managers in the latest available quarterly capital account statements adjusted by any cash flows not included in the most recent net asset value reported by the investee fund manager. For financial assets and liabilities not designated at fair value through surplus and deficit, the carrying value approximates fair value.

Interest and dividend income

58. Interest income is recognized on a time-proportionate basis. It includes interest income from cash and cash equivalents and fixed income investments.

59. Dividend income is recognized on ex-dividend date when the right to receive payment is established.

Income from real assets and alternative investments

60. Income distributed from unitized funds is treated as income in the period in which they are earned.

Receivable/payable from/to investments traded

61. Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered on the date of the statement of net assets available for benefits. These amounts are recognized at the amount expected to be paid or received to settle the balance. Distributions from real assets and alternative fund investments declared but not received prior to year-end are also included under receivables from investments to the extent that the most recently available net asset value of the fund that declares a distribution has recognized the distribution to be made.

62. Impairment of receivables from investments traded is recorded when there is objective evidence that the Fund will not be able to collect all amounts due from the relevant broker. Significant financial difficulties of the broker, probability that the broker will enter bankruptcy or financial reorganization, and default in payments are considered indicators that the receivable from investments traded is impaired.

3.3 Tax status and withholding tax receivables

63. The Fund's portfolio comprises direct investments and indirect investments. Indirect investments are typically through an investment vehicle such as real estate investment trusts, exchange-traded funds, limited liability partnerships or depository receipts. The Fund is exempt from national taxation of Member States in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a) of the Convention on the Privileges and Immunities of the United Nations.

64. For direct investments, some Member States grant relief at source for the Fund's investment-related transactions and income from investments, whereas other Member States continue to withhold taxes and reimburse the Fund upon the filing of a claim. In these instances, the Fund, with assistance from the Fund's custodians or tax advisers, files claims to the governmental taxing authorities for refunds on behalf of the Fund. Taxes withheld on direct investments are initially recognized as "withholding tax receivable" in the statement of net assets available for benefits. After initial recognition if there is objective evidence that the taxes are not recoverable, the carrying amount of the asset is reduced through the use of an allowance account. Any amount considered to be unrecoverable is recognized in the statement of changes in net assets available for benefits and is included under "withholding tax expense". At the end of the year, the Fund measures its withholding tax receivable at the amount deemed recoverable. The Fund does not have a confirmation of tax-exempt status in certain Member States. Accordingly, the taxes withheld on direct investments in these jurisdictions are accrued and deemed not recoverable.

65. For indirect investments, the investment vehicle is typically a taxable entity and the Fund is not directly responsible for any tax. Furthermore, the taxes incurred by investment vehicle can seldom be attributed to the Fund other than investment in depository receipts. Taxes attributed to the Fund on indirect investments are recognized in the statement of changes in net assets available for benefits and are included under "withholding tax expense". To the extent that the Fund is subsequently mostly certain that the taxes will be recovered, the amount is recognized as "withholding tax receivable" in the statement of net assets available for benefits.

66. The Fund also incurs costs on account of certain taxes that are based on the value of the transaction. Transaction-based taxes include stamp duty, security

transaction tax and financial transaction tax. Transaction-based taxes are recognized in the statement of changes in net assets available for benefits and are included under "other transaction cost". To the extent that the Fund is subsequently virtually certain that the taxes will be recovered, the amount is recognized as "other receivable" in the statement of net assets available for benefits and "other income" in the statement of net assets available for benefits.

3.4 Critical accounting estimates

67. Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below.

Fair value of financial instruments

68. The Fund holds financial instruments that are not quoted in active markets. Fair values of such instruments are determined using appropriate valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed and modified as required. Where available, valuation models are calibrated by back testing to actual transactions to ensure that outputs are reliable. The Fund relies primarily on the assurance provided by the investee company's independent auditors.

69. When fair value is based on an observable market price, the quoted price at the reporting date is used. The fair value of an asset determined in accordance with IPSAS 29 reflects a hypothetical exit transaction at the reporting date. Changes in market prices after the reporting date are therefore not reflected in asset valuation.

70. Fair values of financial instruments not quoted in an active market may also be determined by the Fund using reputable pricing sources (such as pricing agencies) or indicative prices from bond/debt market makers. Broker quotes as obtained from the pricing sources may be indicative and not executable or binding. The Fund exercises judgment on the quantity and quality of pricing sources used.

71. Where no market data is available, the Fund may value financial instruments using internal valuation models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. Valuation models are created using observable data to the extent practicable. However, in areas such as credit risk (both the Fund and counterparty), volatilities and correlations may require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

72. The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data that are readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

73. The valuation of investments in real assets and alternative investments through limited liability partnerships requires significant judgment owing to the absence of quoted market values, the inherent lack of liquidity and the long-term nature of such investments. The valuation of these investments is based on the valuation provided by the general partners or managers of the underlying investments. The Fund relies primarily on these tests performed by the investee company's independent auditors and the individual investment managers' compliance with generally accepted accounting standards and valuation procedures.

Taxes

74. Uncertainties exist with respect to the interpretation of complex tax regulations and changes in tax laws on withholding tax. Given the wide range of international investments, differences arising between the actual income and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax expense already recorded during the year and any tax receivable deemed recoverable at the end of the year.

Impairment

75. The annual review to assess potential impairment is another area where the Fund exercises significant judgment.

Provision for the Fund's non-investment-related receivables

76. A provision is established to reflect the position of the accounts receivable, for all non-performing overpayments of pension benefits that are two years or older as at the respective year-end date of the financial statements.

Actuarial assumptions

77. The Fund uses actuarial methods for the disclosure of employee benefits liabilities. The related assumptions are disclosed in note 11 in respect of after-service health insurance and other employee benefits of the Fund's staff and in note 18, which contains information on assumptions used for the actuarial liability to the beneficiaries of the Fund.

3.5 Contributions

78. Contributions are recorded on an accrual basis. Participants and their employing member organizations are required to contribute 7.9 per cent and 15.8 per cent, respectively, of their pensionable remuneration to the Fund. Each month the Fund accrues a receivable amount for contributions expected. When contributions are actually received, the receivable is offset. Contributions are due to be paid by member organizations by the second business day of the month following the month to which the contributions relate. The contributions vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by ICSC, and the periodic grade step increase to individual pensionable remuneration received by all participants.

3.6 Benefits

79. Payments of benefits, including withdrawal settlements, are recorded on an accrual basis. The right to a benefit is generally forfeited if, for two years (withdrawal settlement or residual settlement) or five years (retirement, early retirement, deferred retirement or disability benefit) after payment has been due, the beneficiary has failed to submit payment instructions or has failed or refused to accept payment. An estimated benefit liability is recognized for withdrawal settlements with a participation period of less than five years for which the beneficiary has not submitted the payment instruction for 36 months from the time of the obligating event. The estimate is based on the average of the last five-year expense for such cases.

3.7 Accounting for non-United States dollar-denominated currency translations and balances

80. Non-dollar-denominated currency transactions are translated using the spot exchange rate between the functional currency and the non-dollar-denominated currency at the date of the transaction.

81. At each reporting date, non-dollar-denominated monetary items are translated using the closing spot rate. The Fund applies WM/Reuters Company rates (primary source) and Bloomberg and Refinitiv rates (secondary source) as spot rate for the investment activities and the United Nations operational rate of exchange for non-investment activities. Exchange differences arising on the settlement of these monetary items or on the translation of these monetary items at rates different from those at which they were previously translated are recognized in the change in net assets available for benefits in the period in which they arise.

3.8 Leases

82. All the Fund's leases are categorized as operating leases. An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

3.9 Property, plant and equipment

83. Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. All assets acquired for a cost of $20,000 and above are capitalized. The Fund reviews this threshold annually for reasonableness. The Fund does not own land or buildings.

84. Depreciation is provided for property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives for property, plant and equipment classes are as follows:

Class	*Estimated useful life in years*
Computer equipment	4
Office equipment	4
Office furniture	10
Office fixtures and fittings	7
Audiovisual equipment	7

85. Leasehold improvements are recognized as assets and valued at cost and are depreciated over the lesser of seven years or the lease term. Impairment reviews are undertaken if indicators of impairment exist.

3.10 Intangible assets

86. Intangible assets are capitalized if their cost exceeds the threshold of $20,000, except for internally developed software where the threshold is $50,000. The capitalized cost of internally developed software excludes those costs related to research and maintenance. Intangible assets are stated at historical cost less accumulated amortization and any impairment losses. Amortization is recognized over the estimated useful life using the straight-line method. The estimated useful lives for intangible asset classes are as follows:

Class	*Estimated useful life in years*
Software acquired externally	3
Internally developed software	6
Licences and rights, copyrights and other intangible assets	Shorter of 3 years or the life of the asset

3.11 Emergency fund

87. The appropriation is made when the authorization is approved by the General Assembly. Participants wishing to avail themselves of this benefit submit an application to the Fund. After review and authorization, approved amounts are paid to the participant. Payments are charged directly against the appropriation account up to the amount authorized by the Pension Board. Current expense for the year is reported in the statement of changes in net assets available for benefits.

3.12 Provisions and contingent liabilities

88. A provision is recognized for future liabilities and charges if, as a result of a past event, the Fund has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

89. Contingent liabilities are disclosed for any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Fund. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

3.13 Employee benefits

90. Among certain short-term and other long-term benefits, the Fund provides its employees with certain post-employment benefits.

91. After-service health insurance and repatriation grant are classified as defined benefit schemes and accounted for as such.

92. The employees of the Fund are themselves participating in the Fund. While the Fund is a defined benefit scheme, it has been classified as a multi-employer fund. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Fund, in line with the other participating organizations in the Fund, is not in a position to identify its share of the underlying financial position and performance of the plan with sufficient reliability for accounting purposes, and hence has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Fund’s contributions to the plan during the financial period are recognized as expenses in the statement of changes in net assets available for benefits.

3.14 Reconciliation of budget information

93. The Fund’s budget is prepared on a modified cash basis, whereas the financial statements are prepared on an accrual basis.

94. The General Assembly approves the annual budget for the Fund’s administrative expenses. Budgets may be subsequently amended by the Assembly or through the exercise of delegated authority.

95. As required by IPSAS 24, the statement of comparison of budget and actual amounts on a comparable basis in relation to administrative expenses for the year ended 31 December 2022 provides a comparison of budget and actual amounts on a comparable basis. The comparison includes the original budget amounts, the actual amounts on the same basis as the corresponding budgetary amounts and an explanation of material differences (> +/- 5 per cent) between the actual and budget amounts.

96. Note 21 provides a reconciliation of actual amounts presented on the same basis as the budget and administrative expense included in the statement of changes in net assets.

3.15 Related party transactions

97. Parties are considered to be related when one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

98. The following parties are considered related parties for the Fund in 2022:

(a) Key management personnel: the Chief Executive of Pension Administration, the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Chief Investment Officer and the Chief Financial Officer (see note 1.2);

(b) The General Assembly;

(c) The 25 member organizations participating in the Fund;

(d) The United Nations International Computing Centre.

99. A summary of the relationship and transactions with the above parties is given in note 23.

3.16 Subsequent events

100. Any information about conditions that existed at the date of the statement of net assets available for benefits that is received after the reporting period but before the financial statements are signed and that is material to the Fund is incorporated in the financial statements.

101. In addition, any event that occurs after the date of the statement of net assets available for benefits but before the financial statements are signed that is material to the Fund are disclosed in the notes to the financial statements.

102. Only the Fund's management has the authority to amend these financial statements.

Note 4
Cash and cash equivalents

103. Cash and cash equivalents include:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Cash at bank – Office of Investment Management	458 049	1 354 959
Cash at bank – Pension Administration	202 464	212 581
Cash held by external managers – Office of Investment Management	89 236	57 582
Total cash and cash equivalents	**749 749**	**1 625 122**

Note 5
Financial instruments by category

104. The tables below provide an overview of all financial instruments held by category as at 31 December 2022 and 31 December 2021:[3]

(Thousands of United States dollars)

	As at 31 December 2022		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	749 749	–	–
Investments			
Equities	39 246 356	–	–
Fixed income	24 131 952	–	–
Real assets	7 492 991	–	–
Alternative and other investments	6 566 220	–	–
Contributions receivable	–	70 607	–
Accrued income from investments	–	195 264	–
Receivable from investments traded	–	75 854	–
Withholding tax receivables	–	60 431	–
Other assets	–	18 522	–
Total financial assets	**78 187 268**	**420 678**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	143 896
Payable from investments traded	–	–	418 750
After-service health insurance and other employee benefit liabilities	–	–	94 375
Other accruals and liabilities	–	–	34 360
Total financial liabilities	**–**	**–**	**691 381**

Investments exceeding 5 per cent of net assets

105. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2022.

106. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2022. The Fund held a total of $867.4 million in two real estate funds as at 31 December 2022, which represented 5 per cent or more of investments in the real assets category.

[3] Non-financial assets and liabilities other than employee benefits are excluded from the table, given that this analysis is required only for financial instruments.

(Thousands of United States dollars)

	As at 31 December 2021		
	Financial instruments at fair value	*Loans and receivables*	*Other financial liabilities*
Financial assets as indicated in the statement of net assets available for benefits			
Cash and cash equivalents	1 625 122	–	–
Investments			
Equities	52 022 627	–	–
Fixed income	24 741 886	–	–
Real assets	6 613 872	–	–
Alternative and other investments	6 477 746	–	–
Contributions receivable	–	46 800	–
Accrued income from investments	–	144 168	–
Receivable from investments traded	–	9 627	–
Withholding tax receivables	–	64 701	–
Other assets	–	22 265	–
Total financial assets	**91 481 253**	**287 561**	**–**
Financial liabilities as indicated in the statement of net assets available for benefits			
Benefits payable	–	–	154 441
Payable from investments traded	–	–	15 767
After-service health insurance and other employee benefit liabilities	–	–	119 720
Other accruals and liabilities	–	–	19 711
Total financial liabilities	**–**	**–**	**309 639**

Investments exceeding 5 per cent of net assets

107. There were no investments representing 5 per cent or more of net assets available for benefits as at 31 December 2021.

108. There were no investments representing 5 per cent or more of equities, fixed income or alternatives and other investments as at 31 December 2021. The Fund held a total of $847.3 million in two real estate funds as at 31 December 2021, which represented 5 per cent or more of investments in the real assets category.

Note 6
Fair value measurement

109. IPSAS establishes a three-level fair value hierarchy under which financial instruments are categorized on the basis of the significance of inputs to the valuation technique. Level 1 includes those securities where unadjusted quoted prices are available in active markets for identical assets or liabilities. Level 2 includes those securities where inputs other than quoted prices included within level 1 are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). Level 3 includes those securities where inputs for the asset or liability are not based on observable market data (that is, unobservable inputs). The level in the fair value hierarchy within which the fair value measurement is categorized is

determined on the basis of the lowest level of information that is significant to the fair value measurement. If a fair value measurement of an investment uses observable inputs that require significant adjustment on the basis of unobservable inputs, then that investment is classified as level 3.

110. Assessing the significance of a specific input to the fair value measurement of an investment in its entirety requires judgment, considering factors specific to the investment.

111. The tables below present the fair value hierarchy of the Fund's investments (by asset class) measured at fair value as of 31 December 2022 and 31 December 2021:

(Thousands of United States dollars)

Fair value hierarchy as at 31 December 2022	*Level 1*	*Level 2*	*Level 3*	*Total*
Equities				
Common and preferred stock	38 512 162	–	1 647	38 513 809
Funds – exchange-traded funds	672 026	–	–	672 026
Funds – common stock	8 322	–	157	8 479
Stapled securities	52 042	–	–	52 042
Total equities	**39 244 552**	**–**	**1 804**	**39 246 356**
Fixed income				
Government and agencies securities	–	18 767 582	–	18 767 582
Asset backed securities	–	151 173	–	151 173
Corporate bonds/commercial paper	–	4 561 916	22 789	4 584 705
Municipal/provincial bonds	–	170 485	–	170 485
Commercial mortgage-backed	–	405 252	–	405 252
Funds – corporate bond	–	–	52 755	52 755
Total fixed income	**–**	**24 056 408**	**75 544**	**24 131 952**
Real assets				
Real estate funds	–	224 594	6 905 604	7 130 198
Infrastructure assets	–	–	362 330	362 330
Timberlands	–	–	463	463
Total real assets	**–**	**224 594**	**7 268 397**	**7 492 991**
Alternatives and other investments				
Private equity	–	–	6 566 220	6 566 220
Total alternatives and other investments	**–**	**–**	**6 566 220**	**6 566 220**
Total	**39 244 552**	**24 281 002**	**13 911 965**	**77 437 519**

(Thousands of United States dollars)

Fair value hierarchy as at 31 December 2021	*Level 1*	*Level 2*	*Level 3*	*Total*
Equities				
Common and preferred stock	50 143 927	–	2 448	50 146 375
Funds – exchange-traded funds	1 800 533	–	–	1 800 533
Funds – common stock	13 573	–	601	14 174
Stapled securities	61 545	–	–	61 545
Total equities	**52 019 578**	**–**	**3 049**	**52 022 627**
Fixed income				
Government and agencies securities	–	23 123 799	–	23 123 799
Asset backed securities	–	207 406	–	207 406
Corporate bonds/commercial paper	–	587 638	22 789	610 427
Municipal/provincial bonds	–	38 991	–	38 991
Commercial mortgage-backed	–	705 297	–	705 297
Funds – corporate bond	–	–	55 966	55,966
Total fixed income	**–**	**24 663 131**	**78 755**	**24 741 886**
Real assets				
Real estate funds	–	224 791	6 246 587	6 471 378
Infrastructure assets	–	–	125 518	125 518
Timberlands	–	–	16 976	16 976
Total real assets	**–**	**224 791**	**6 389 081**	**6 613 872**
Alternatives and other investments				
Private equity	–	–	6 477 746	6 477 746
Total alternatives and other investments	**–**	**–**	**6 477 746**	**6 477 746**
Total	**52 019 578**	**24 887 922**	**12 948 631**	**89 856 131**

Equities

112. Common and preferred stocks, exchange-traded funds and stapled securities were classified under level 1 if bid prices were available from institutional vendors.

113. Common stock funds amounting to $0.2 million as at 31 December 2022 (31 December 2021: $0.6 million) were valued using a net asset value approach and hence classified under level 3. Common and preferred stocks amounting to $1.6 million as at 31 December 2022 (31 December 2021: $2.4 million) were either temporarily restricted for trading owing to corporate action or the bid price available from unobservable market data and hence classified under level 3.

Fixed income

114. The vast majority of the fixed income securities prices were not obtained from an active market directly, which would have led to a level 1 classification. Instead, prices were obtained through brokers’ bids, which were indicative quotes and therefore classified as level 2.

115. Corporate bond funds amounting to $52.8 million as at 31 December 2022 (31 December 2021: $56.0 million) and corporate bonds/commercial paper amounting to $22.8 million as at 31 December 2022 (31 December 2021: $22.8 million) were considered to be level 3. Inputs for the value of those investments, while available from third-party sources, were not well-defined, readily observable market data. Consequently, the Fund decided to classify such investments as level 3.

Real assets and alternatives and other investments

116. Real assets amounting to $7,268.4 million as at 31 December 2022 (31 December 2021: $6,389.1 million), net of carried interest of $242.4 million (31 December 2021: $250.1 million), as well as alternative and other investments amounting to $6,566.2 million as at 31 December 2022 (31 December 2021: $6,477.7 million), net of carried interest of $482.03 million (31 December 2021: $502.9 million), were classified under level 3 because they were priced using the net asset value methodology for which the Fund was unable to corroborate or verify using observable market data. In addition, limited options were available to the investors to redeem units, hence making the investments in such funds relatively illiquid.

117. Two real estate funds amounting to $224.6 million (31 December 2021: $224.8 million), which were readily redeemable at net asset value without penalties were classified as level 2 assets representing the net asset value as reported by the fund manager.

118. The table below resents the inter-level transfers for the year ended 31 December 2022:

(Thousands of United States dollars)

	Level 1	*Level 2*	*Level 3*	*Total*
Transfers into				
Fixed income	–	–	–	–
Equities	2 448	–	–	2 448
Real assets	–	–	–	–
Alternatives and other investments	–	–	–	–
Total	**2 448**	**–**	**–**	**2 448**
Transfers out of				
Fixed income	–	–	–	–
Equities	–	–	(2 448)	(2 448)
Real assets	–	–	–	–
Alternative and other investments	–	–	–	–
Total	**–**	**–**	**(2 448)**	**(2 448)**

119. For the year ended 31 December 2022, there was a transfer of one equity income security amounting to $2.4 million out of level 3 and into level 1. The security was classified as level 3 as at 31 December 2021 owing to the restriction on trading consequent upon a corporate action.

120. There were no transfers between levels for the year ended 31 December 2021.

121. The table below presents the movements in level 3 instruments for the year ended 31 December 2022 by class of financial instrument.

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternative and other investments*	*Total*
Opening balance	**3 049**	**78 755**	**6 389 081**	**6 477 746**	**12 948 631**
Purchases	3 847	2 811	1 473 732	1 398 864	2 879 254
Sales/return of capital	(387)	–	(674 595)	(996 876)	(1 671 858)
Transfers (out of)/into level 3	(2 448)	–	–	–	(2 448)
Net gains and losses recognized in the statement of changes in net assets available for benefits	(2 257)	(6 022)	80 179	(313 514)	(241 614)
Closing balance	**1 804**	**75 544**	**7 268 397**	**6 566 220**	**13 911 965**
Change in unrealized gains and losses for level 3 assets held at the period end and included in statements of changes in net assets available for benefits	(1 384)	(6 022)	(88 179)	(474 620)	(570 205)

122. The table below presents the movements in level 3 instruments for the year ended 31 December 2021 by class of financial instrument.

(Thousands of United States dollars)

	Equities	*Fixed income*	*Real assets*	*Alternative and other investments*	*Total*
Opening balance	**3 274**	**76 673**	**5 415 648**	**4 641 189**	**10 136 784**
Purchases	2 685	2 995	1 106 708	1 655 736	2 768 124
Sales/return of capital	(4 370)	–	(1 183 996)	(1 495 719)	(2 684 085)
Transfers (out of)/into level 3	–	–	–	–	–
Net gains and losses recognized in the statement of changes in net assets available for benefits	1 460	(913)	1 050 721	1 676 540	2 727 808
Closing balance	**3 049**	**78 755**	**6 389 081**	**6 477 746**	**12 948 631**
Change in unrealized gains and losses for level 3 assets held at the period-end and included in statements of changes in net assets available for benefits	2 591	(913)	706 463	1 524 594	2 232 735

Note 7
Accrued income from investments

123. Accrued income from investments is income earned during the year that has yet to be received as at the date of the statement of net assets available for benefits.

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Fixed-income securities, cash and cash equivalents	137 238	94 987
Dividends receivable on equities	39 461	40 856
Real assets and alternative investments	18 565	8 325
Total accrued income from investments	**195 264**	**144 168**

Note 8
Withholding tax receivables

124. Withholding tax receivable as at 31 December 2022 and 31 December 2021 and withholding tax expense for the years ended 31 December 2022 and 31 December 2021 by country are as follows:

(Thousands of United States dollars)

Country	For the year 2022 Tax withheld	Tax received	Tax expense	As at 31 December 2022 Tax recoverable	Deemed not recoverable	Tax receivable	For the year 2021 Tax withheld	Tax received	Tax expense	As at 31 December 2021 Tax recoverable	Deemed not recoverable	Tax receivable
Australia	25	–	103	867	(42)	825	384	–	50	903	–	903
Austria	105	–	8	239	–	239	147	–	5	142	–	142
Belgium	705	93	651	1 502	(599)	903	346	127	57	942	–	942
Brazil	287	–	287	307	(307)	–	187	–	187	286	(286)	–
Canada	–	–	13	12	(12)	–	–	–	–	13	–	13
Chile	311	184	109	81	(8)	73	399	429	(44)	55	–	55
China	3 496	–	1 810	22 015	(20 329)	1 686	5 006	220	4 786	20 318	(20 318)	–
Colombia	8	–	48	228	(5)	223	153	1	31	263	–	263
Czechia	236	–	(9)	407	–	407	163	451	3	162	–	162
Denmark	1 111	–	81	2 254	–	2 254	1 151	–	51	1 224	–	1 224
Egypt	3 236	–	2 277	4 728	–	4 728	2 283	–	0	3 769	–	3 769
Finland	–	–	117	1 787	–	1 787	1 469	–	112	1 904	–	1 904
Germany	7 038	–	8 909	25 239	(7 748)	17 491	6 129	7 426	1 668	19 362	–	19 362
Greece	–	–	–	105	(105)	–	–	–	–	112	(112)	–
India	175	–	78	741	–	741	110	–	10	644	–	644
Indonesia	1 889	–	1 889	5 125	(5 125)	–	3 391	–	3 391	3 660	(3 660)	–
Ireland	6	–	9	154	–	154	166	–	9	157	–	157
Japan	–	–	–	3	(3)	–	–	–	4	4	(4)	–
Luxembourg	59	1	1	105	(18)	87	31	–	22	49	(19)	30
Mexico	–	–	–	58	(58)	–	–	–	–	55	(55)	–
Netherlands (Kingdom of the)	1 742	1 114	151	2 740	–	2 740	1 231	689	127	2 263	–	2 263
Norway	–	–	21	179	–	179	–	368	13	200	–	200
Papua New Guinea	–	–	–	17	(17)	–	–	–	–	21	(21)	–
Philippines	394	–	205	1 818	(59)	1 759	630	–	94	1 570	–	1 570
Russian Federation	–	3 760	(3 345)	355	(355)	–	2 925	1 249	1 263	761	(346)	415
Singapore	65	41	(1)	76	–	76	51	56	2	51	–	51
Spain	1 529	800	(9)	1 137	–	1 137	1 204	926	28	399	–	399
Sweden	558	–	68	1 409	(29)	1 380	900	–	20	920	(30)	890
Switzerland	9 595	6 507	10 902	31 066	(10 167)	20 899	8 652	–	486	28 713	–	28 713
Thailand	123	–	123	323	(323)	–	214	–	214	204	(204)	–
Türkiye	–	–	–	106	(106)	–	–	–	81	149	(149)	–
United Kingdom of Great Britain and Northern Ireland	168	71	64	676	(13)	663	339	467	31	636	(6)	630
Total	**32 861**	**12 571**	**24 560**	**105 860**	**(45 429)**	**60 431**	**37 661**	**12 409**	**12 701**	**89 911**	**(25 210)**	**64 701**

125. In Brazil, in some provinces in China and for certain periods in Greece, Luxembourg, Mexico, Papua New Guinea, the Russian Federation, Sweden and Türkiye, there are no formally established reclamation mechanisms in place, and in these cases the Fund, with assistance from the Fund's custodians or the tax advisers, have, to date, been unable to file and/or reclaim the taxes withheld. While these Member States have confirmed the Fund's tax-exempt status, the taxes withheld from direct investments in these countries are accrued and continue to be deemed not recoverable in 2022, unless there is certainty of reclaim in subsequent years. The Fund does not currently have a confirmation of tax-exempt status for Indonesia and Thailand. Accordingly, the taxes withheld on direct investments in Indonesia and Thailand are accrued and deemed not recoverable in 2022. For Belgium, Switzerland and Germany, while, in accordance with accounting policy, tax withheld for more than three years is deemed not recoverable, the Fund's custodian has filed requests for reclaim. Consistent with the Fund's prior experience, refunds are anticipated despite delays due to the ongoing coronavirus disease (COVID-19) pandemic.

126. An ageing analysis of withholding tax receivable as at 31 December 2022 and 31 December 2021 is presented as follows:

(Thousands of United States dollars)

	As at 31 December 2022			*As at 31 December 2021*		
Country	*3 years or more*	*Less than 3 years*	*Tax receivable*	*3 years or more*	*Less than 3 years*	*Tax receivable*
Australia	–	825	825	–	903	903
Austria	–	239	239	–	142	142
Belgium	–	903	903	–	942	942
Canada	–	–	–	–	13	13
Chile	–	73	73	–	55	55
China	301	1 385	1 686	–	–	–
Colombia	–	223	223	–	263	263
Czechia	–	407	407	–	162	162
Denmark	–	2 254	2 254	–	1 224	1 224
Egypt	–	4 728	4 728	–	3 769	3 769
Finland	–	1 787	1 787	–	1 904	1 904
Germany	–	17 491	17 491	8 257	11 105	19 362
India	–	741	741	–	644	644
Ireland	–	154	154	–	157	157
Luxembourg	–	87	87	–	30	30
Netherlands (Kingdom of the)	21	2 719	2 740	16	2 247	2 263
Norway	–	179	179	–	200	200
Philippines	–	1 759	1 759	–	1 570	1 570
Russian Federation	–	–	–	–	415	415
Singapore	–	76	76	–	51	51
Spain	–	1 137	1 137	–	399	399
Sweden	–	1 380	1 380	–	890	890

	As at 31 December 2022			As at 31 December 2021		
Country	*3 years or more*	*Less than 3 years*	*Tax receivable*	*3 years or more*	*Less than 3 years*	*Tax receivable*
Switzerland	–	20 899	20 899	–	28 713	28 713
United Kingdom of Great Britain and Northern Ireland	–	663	663	–	630	630
Total	**322**	**60 109**	**60 431**	**8 273**	**56 428**	**64 701**

Note 9
Other assets

127. The other assets included in the statement of net assets available for benefits are broken down as follows:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Prepayments and benefits receivable	18 349	21 451
Property, plant and equipment	1 322	106
Intangible assets in use	459	–
Intangible assets under development	–	272
Other receivables	173	814
Total	**20 303**	**22 643**

9.1 Prepayments and benefits receivables

128. An overview of the prepayments and other accounts receivable held by the Fund is presented as follows:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Prepayments	9 215	10 766
Advance benefit payments due to payroll conversion	4 006	4 786
Benefits receivable	10 598	11 214
Benefits receivable – provision	(5 470)	(5 315)
Total	**18 349**	**21 451**

9.2 Property, plant and equipment

129. An overview of the fixed assets held by the Fund is as follows:

(Thousands of United States dollars)

	Information technology equipment	*Leasehold improvements*		
	In use	*In use*	*Under construction*	*Total*
Cost				
1 January 2022	770	15 944	106	16 820
Additions	45	1 503	(106)	1 442
Disposals/transfers	(108)	–	–	(108)
31 December 2022	707	17 447	–	18 154
Accumulated depreciation				
1 January 2022	770	15 944	–	16 714
Depreciation	11	215	–	226
Disposals/transfers	(108)	–	–	(108)
31 December 2022	673	16 159	–	16 832
Net book value, 31 December 2022	**34**	**1 288**	**–**	**1 322**

(Thousands of United States dollars)

	Information technology equipment	*Leasehold improvements*		
	In use	*In use*	*Under construction*	*Total*
Cost				
1 January 2021	1 354	18 624	–	19 978
Additions	–	–	106	106
Disposals/transfers	(584)	(2 680)	–	(3 264)
31 December 2021	770	15 944	106	16 820
Accumulated depreciation				
1 January 2021	1 354	18 624	–	19 978
Depreciation	–	–	–	–
Disposals/transfers	(584)	(2 680)	–	(3 264)
31 December 2021	770	15 944	–	16 714
Net book value, 31 December 2021	**–**	**–**	**106**	**106**

130. The leasehold improvements in use and under construction included above relate to the Fund's improvements to its offices at New York.

9.3 Intangible assets

131. An overview of the intangible assets held by the Fund is presented as follows:

(Thousands of United States dollars)

	Intangible assets in use	*Under construction*	*Total*
Cost			
1 January 2022	20 336	272	20 608
Additions	551	(272)	279
Transfers	–	–	–
Disposals	–	–	–
31 December 2022	20 887	–	20 887
Accumulated amortization			
1 January 2022	20 336	–	20 336
Amortization	92	–	92
Disposals	–	–	–
31 December 2022	20 428	–	20 428
Net book value, 31 December 2022	**459**	**–**	**459**

(Thousands of United States dollars)

	Intangible assets in use	*Under construction*	*Total*
Cost			
1 January 2021	20 336	–	20 336
Additions	–	272	272
Transfers	–	–	–
Disposals	–	–	–
31 December 2021	20 336	272	20 608
Accumulated amortization			
1 January 2021	20 336	–	20 336
Amortization	–	–	–
Disposals	–	–	–
31 December 2021	20 336	–	20 336
Net book value, 31 December 2021	**–**	**272**	**272**

Note 10
Benefits payable

132. The amount shown in the statement of net assets is broken down as follows:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Withdrawal settlements	75 347	95 781
Lump sum payments	27 492	19 065
Periodic benefits payable	40 293	38 283
Other benefits payable/adjustments	764	1 312
Total	**143 896**	**154 441**

Note 11
After-service health insurance and other employee benefits

133. A breakdown of the after-service health insurance and other employee benefits payable amount shown in the statement of net assets is as follows:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
After-service health insurance liability	83 598	106 946
Annual leave	5 478	6 630
Repatriation grant and related costs	4 395	5 324
Education grant and related costs	482	437
Home leave	422	383
Total	**94 375**	**119 720**

134. The Fund does not set aside or ring-fence funding for after-service health insurance and other employee benefit liabilities. These liabilities are recognized in the financial statements at their full amount and deducted in the computation of net assets available for benefits.

After-service health insurance, annual leave and repatriation grants liability

135. The Fund provides its employees, who have met certain eligibility requirements, with the following after-service and end-of-service benefits:

- Health-care benefits after they retire. This benefit is referred to as after-service health insurance.
- Repatriation benefits to facilitate the relocation of expatriate staff members.
- Annual leave benefits to provide staff members with periods of time off from work at full pay for personal reasons and for purposes of health, rest and recreation. Upon separation from service, staff members who have accrued unused annual leave will be paid for each day of unused leave up to a maximum of 60 days.

136. The liabilities as at 31 December 2022 were the result of the roll-forward to 31 December 2022 of the end-of-service benefit obligations as at 31 December 2021 for the Fund by the consulting actuary and:

- Health insurance premium and contribution data provided by the United Nations
- Actual retiree claims experience under health insurance plans
- Estimated travel and shipment costs and annual leave balances reported by the United Nations in the census data
- Various economic, demographic and other actuarial assumptions
- Generally accepted actuarial methods and procedures

137. In performing the roll-forward to 31 December 2022, only the financial assumptions such as the discount rates, inflation and health-care cost trend rates were reviewed as at 31 December 2022 and updated when necessary. All other assumptions remain the same as those used for the full valuation as at 31 December 2021.

138. The key assumptions in the calculation of after-service liabilities are the discount rate and health-care trend rates. The discount rate is based on the "spot" rate that reflects the market expectations at the time of the calculations to meet future expected benefit payments, based on high-quality bonds. The discount rate is then the equivalent single rate that would produce the same liability as the full spot curve using the multiple bonds necessary to meet the future cash flow expectations.

139. The yield curves used in the calculation of the discount rates in respect of the dollar, the euro and the Swiss franc are those developed by Aon Hewitt, consistent with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

140. For 31 December 2022, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 4.80 per cent for the after-service health insurance scheme
- 5.09 per cent for repatriation benefits
- 5.12 per cent for annual leave

141. For 31 December 2021, the single equivalent discount rates were selected and determined by the Fund, as follows:

- 2.76 per cent for the after-service health insurance scheme
- 2.68 per cent for repatriation benefits
- 2.76 per cent for annual leave

142. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bond markets varied over the reporting period, and volatility has an impact on the discount rate assumption. Should the assumption vary by 0.5 per cent, its impact on the obligations would be as follows:

Discount rate	*After-service health insurance*	*Repatriation benefit*	*Annual leave*
Increase of 0.5 per cent	9 per cent decrease	4 per cent decrease	4 per cent decrease
Decrease of 0.5 per cent	10 per cent increase	4 per cent increase	4 per cent increase

143. The comparison of health-care cost trend rates is as follows:

	31 December 2022	*31 December 2021*
United States non-Medicare	6.50 per cent trending down to 3.85 per cent after 9 years	5.17 per cent trending down to 3.95 per cent after 10 years
United States Medicare	6.50 per cent trending down to 3.85 per cent after 9 years	5.03 per cent trending down to 3.95 per cent after 10 years
United States dental	6.50 per cent trending down to 3.85 per cent after 9 years	4.53 per cent trending down to 3.95 per cent after 10 years
Non-United States – Switzerland	4.25 per cent trending down to 2.55 per cent after 6 years	3.44 per cent trending down to 2.25 per cent after 7 years
Non-United States – eurozone	5.20 per cent trending down to 4.15 per cent after 11 years	3.75 per cent and no change

144. For comparison purposes, the table below shows the changes in the obligations resulting from a 0.5 per cent change in the assumed medical cost trend rate:

(Thousands of United States dollars)

2022	*Increase*	*Decrease*
Effect on the defined-benefit obligation	9 320	(8 070)
Effect on the aggregate of the current service cost and the interest rate	1 019	(866)

2021	*Increase*	*Decrease*
Effect on the defined-benefit obligation	12 679	(10 984)
Effect on the aggregate of the current service cost and the interest rate	1 078	(3 130)

145. The decrease in the total after-service health insurance liabilities reported from 31 December 2021 to 31 December 2022 is due primarily to the impact of changing the financial assumptions, in particular the increase in the discount rates for benefits denominated in dollars.

146. The table below illustrates the movements in post-employment net defined-benefit liabilities:

(Thousands of United States dollars)

	2022			*2021*		
	After-service health insurance	*Repatriation grant*	*Annual leave*	*After-service health insurance*	*Repatriation grant*	*Annual leave*
Net defined-benefit liability as at 1 January	**106 946**	**5 324**	**6 630**	**105 186**	**5 493**	**4 882**
Current service cost	6 575	313	483	4 444	328	399
Interest cost	2 938	136	175	2 550	111	105
Benefits paid	(1 307)	(480)	(611)	(1 300)	(347)	(386)
Actuarial (gains)/losses	(31 554)	(898)	(1 199)	(3 934)	(261)	1 630
Net defined-benefit liability as at 31 December	**83 598**	**4 395**	**5 478**	**106 946**	**5 324**	**6 630**

147. The table below illustrates the estimated benefit payments net of participant contributions for the next 10 years.

(Thousands of United States dollars)

	2023	*2024*	*2025*	*2026*	*2027*	*2028–2032*
After-service health insurance	1 496	1 678	1 858	2 030	2 223	14 246
Repatriation grant	479	396	370	351	398	1 505
Annual leave	559	459	409	408	410	1 821

148. The estimated durations of after-service health insurance, repatriation grant and annual leave liabilities were 20, 8 and 9 years, respectively, as at 31 December 2022.

149. Other specific data and key assumptions used in the calculations on the basis of census data as at 31 October 2021are outlined below.

After-service health insurance

150. A total of 273 active staff were included in the calculation: 234 United States-based and 36 non-United States-based. A total of 102 retired staff or their surviving spouses were included in the calculation: 79 United States-based and 20 non-United States=based. In addition, three active staff and three retirees or their surviving spouses that participated in dental-only plans were included. For active staff, the average age was 48 years with 10 years of service. The average age of retirees was 70 years.

Repatriation benefits

151. Staff members who are appointed as international staff are eligible for the payment of a repatriation grant after one year of active service outside his or her country of nationality, as long as the reason for separation is not summary dismissal or abandonment of post.

152. The amount ranges from 2 to 28 weeks of salary depending on the category of employment and years of service of the eligible staff. Travel and shipment of personal effects may also be authorized to the recognized country of home leave.

153. A total of 114 eligible staff with an average annual salary of $85,872 were considered.

Annual leave

154. Staff are entitled to accrue annual leave from the date of their appointment. Staff members who, upon separation from service, have accrued leave will be paid up to a maximum of 60 days if on a fixed-term appointment or up to 18 days on a temporary appointment. Payment amount is calculated at 1/261 of applicable salary amounts for each unused day of annual leave.

155. A total of 345 active staff with an average annual salary of $106,380 were considered.

Note 12
Other accruals and liabilities

156. The amount shown as other accruals and liabilities in the financial statements is broken down as follows:

(Thousands of United States dollars)

	31 December 2022	31 December 2021
Accruals for management fees and expenses	20 261	7 115
Accrual for contractual services	159	49
Restoration payable	3 266	3 686
Operating leases accrual	6 094	6 274
United Nations payable	4 249	2 192
Audit fee accrual	197	197
Other	134	198
Total	**34 360**	**19 711**

Note 13
Investment income

157. The table below presents a summary of the Fund's income from investments net of transaction costs recognized during the period. Any transaction cost that can be allocated to a single transaction or trade is netted off against investment income. Examples are broker commissions, other transaction costs and management fees. Any management expense charged to the income statement of a real asset or alternative fund was recorded separately as management expenses in the Fund's statement of changes in net assets and included under transaction costs.

158. In some jurisdictions, the Fund receives dividend income, interest income and real estate income without any withholding tax. This is primarily a result of the fact that pension funds are exempt from withholding taxes in many jurisdictions. However, a number of jurisdictions do not provide this benefit to all pension funds but recognize that the Fund is part of the United Nations and hence exempt from national taxation of Member States on its direct investments in accordance with Article 105 of the Charter of the United Nations and with article II, section 7 (a), of the 1946 Convention on the Privileges and Immunities of the United Nations (see also note 3.3). The Fund is not able to reliably measure the value of the additional tax exemption obtained by being part of the United Nations and therefore does not disclose the value of this additional benefit on the face of the statement of changes in net assets available for benefits as non-exchange income in accordance with IPSAS 23: Revenue from non-exchange transactions.

(Thousands of United States dollars)

	2022	2021
Total change in fair value for financial assets designated at fair value	**(14 739 883)**	**8 709 060**
Interest income		
Interest income on cash and cash equivalents	8 447	–
Interest income on fixed income instruments	583 567	582 824
Total interest income	**592 014**	**582 824**
Total dividend income	**830 219**	**893 950**
Total income from unitized real estate funds	**85 982**	**78 015**

	2022	2021
Transaction costs		
Real assets and alternative investments management fees	(170 752)	(163 486)
External managers' management fees	(14 803)	(16 466)
Brokerage commissions	(11 285)	(12 880)
Other transactions costs	(3 498)	(8 401)
Total transaction cost	**(200 338)**	**(201 233)**
Withholding tax	**(24 560)**	**(12 701)**
Other investment-related (expenses)/income, net	**(1 264)**	**(2 744)**
Net investment (loss)/income	**(13 457 830)**	**10 047 171**

159. The tables below present the change in the fair value of investments by asset class as a result of changes in market price and currency exchange rate for the years ended 31 December 2022 and 31 December 2021.

(Thousands of United States dollars)

	2022			2021		
	Market price	*Currency*[a]	*Total change*	*Market price*	*Currency*[a]	*Total change*
Equities	(10 697 469)	(860 099)	(11 557 568)	7 729 315	(695 609)	7 033 706
Fixed income	(2 986 009)	(111 672)	(3 097 681)	(1 025 500)	(199 286)	(1 224 786)
Real assets investments	230 378	(67 868)	162 510	1 197 848	(48 326)	1 149 522
Alternative investments	(204 432)	(30 093)	(234 525)	1 776 365	(25 928)	1 750 437
Cash, cash equivalents and receivable and payable from investment traded	–	(12 619)	(12 619)	–	181	181
Total change in fair value for financial assets designated at fair value	**(13 657 532)**	**(1 082 351)**	**(14 739 883)**	**9 678 028**	**(968 968)**	**8 709 060**

[a] Change in currency exchange (loss)/gain includes a realized currency exchange loss of $482.0 million (2021: loss of $71.2 million) and an unrealized currency exchange loss of $600.3 million (2021: loss of $897.7 million).

Note 14
Pension contributions

160. Pension contributions received during the period are broken down as follows:

(Thousands of United States dollars)

	2022	2021
Contribution from participants		
Regular contributions	1 034 508	984 174
Contributions for validation	722	629
Contributions for restoration	5 240	5 469
	1 040 470	**990 272**
Contributions from member organizations		
Regular contributions	2 069 016	1 968 348
Contributions for validation	1 444	1 258
	2 070 460	**1 969 606**
Other contributions		
Contributions for participants transferred in under agreements	3 137	8 101
Receipts of excess actuarial value over regular contributions	596	319
Other contributions/adjustments	6 608	967
	10 341	**9 387**
Total contributions for the period	**3 121 271**	**2 969 265**

161. The contributions received vary on the basis of changes in the number of participants, changes in the distribution of participants, changes in pensionable remuneration rates as a result of cost-of-living increases determined by ICSC, and the periodic step increase to individual pensionable remuneration received by all participants.

Note 15
Pension benefits

162. Pension benefits during the period are broken down as follows:

(Thousands of United States dollars)

	2022	2021
Withdrawal settlements and full commutation of benefits		
For contributory services of 5 years or less	50 188	51 780
For contributory services more than 5 years	123 725	152 892
	173 913	**204 672**
Retirement benefits		
Full retirement benefits	1 574 112	1 460 664
Early retirement benefits	806 338	778 423
Deferred retirement benefits	127 773	119 081
Disability benefits	107 139	101 386
Survivor benefits	304 932	290 783
Child benefits	38 983	34 773
	2 959 277	**2 785 110**

	2022	2021
Other benefits/adjustments		
Payments for participants transferred out under agreements	4 110	3 345
Forfeitures	(5 975)	(14 144)
Other benefits/adjustments	(3 078)	(3 206)
	(4 943)	**(14 005)**
Total pension benefits for the period	**3 128 247**	**2 975 777**

Note 16
Administrative expenses

163. Administrative expenses in 2022 are as follows:

(Thousands of United States dollars)

	2022				
	Secretariat of the Pension Board	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Established posts (excluding change in the value of the after-service health insurance liability)	640	30 521	20 334	–	51 495
Changes in the value of the after-service health insurance liability	(164)	(15 923)	(6 841)	(420)	(23 348)
Other staff costs	11	3 295	1 978	–	5 284
Hospitality	–	–	1	–	1
Consultants	2	68	–	–	70
Travel	231	243	223	–	697
Contractual services	56	16 372	18 935	–	35 363
General operating expenses	102	6 579	3 979	–	10 660
Supplies and materials	–	19	18	–	37
Furniture and equipment	–	214	485	–	699
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	2 082	2 082
Total administrative expense	**878**	**41 388**	**39 112**	**1 662**	**83 040**

(Thousands of United States dollars)

	2021				
	Secretariat of the Pension Board	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Established posts (excluding change in the value of the after-service health insurance liability)	598	28 728	17 301	–	46 627
Changes in the value of the after-service health insurance liability	12	1 200	516	32	1 760
Other staff costs	69	5 949	2 258	–	8 276
Consultants	–	59	375	–	434

	2021				
	Secretariat of the Pension Board	*Pension Administration*	*Office of Investment Management*	*Audit*	*Total*
Travel	–	44	33	–	77
Contractual services	–	14 097	14 211	–	28 308
General operating expenses	13	8 018	3 396	–	11 427
Supplies and materials	–	52	17	–	69
Furniture and equipment	–	–	243	–	243
Audit costs (excluding change in the value of the after-service health insurance liability)	–	–	–	1 789	1 789
Total administrative expense	**692**	**58 147**	**38 350**	**1 821**	**99 010**

Note 17
Other expenses

164. Other expenses during the period are as follows:

(Thousands of United States dollars)

	2022	*2021*
Emergency fund expense	29	52
Provision for unrecoverable overpayments of benefits	1 636	1 714
Total other expenses	**1 665**	**1 766**

Note 18
Actuarial situation of the Fund
(see also note 1.5)

165. The Fund provides retirement, death, disability and related benefits for staff of the United Nations and other organizations admitted to membership in the Fund. Accumulated (promised) plan benefits represent the total actuarial present value of those estimated future benefits that are attributable under the Fund's provisions to the service staff have rendered as at the valuation date. Accumulated plan benefits include benefits to be paid to: (a) retired or terminated staff or their beneficiaries; (b) beneficiaries of staff who have died; and (c) present staff or their beneficiaries.

166. Benefits payable under all circumstances – retirement, death, disability and termination of employment – are included to the extent that they are deemed attributable to service staff that have rendered as at the valuation date.

167. The actuarial present value of accumulated (promised) plan benefits (which does not take into account future increases in pensionable remuneration) is determined by independent actuaries and the amount is derived by applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal or retirement) between the valuation date and the expected date of payment.

168. The Fund is applying the guidance included in International Accounting Standard 26.28 (b) and discloses the actuarial present value of promised retirement benefits in the notes to its financial statements.

Key assumptions

169. The liabilities as at 31 December 2022 were the result of the roll-forward to 31 December 2022 of the actuarial present value of accumulated plan benefits as at 31 December 2021 for the Fund by the consulting actuary. The significant actuarial assumptions used are the same as those used in the valuation as at 31 December 2021:

- Life expectancy of participants (2017 United Nations mortality tables adjusted for forecast improvements in mortality)
- Age-specific retirement and turnover assumptions
- Additional assumptions regarding percentage of benefit commuted and percentage of participants who are married, among others
- Annual investment return of 6.0 per cent, which serves as the discount rate for liabilities
- Annual rate of 2.5 per cent for cost-of-living increases in pensions

170. These key assumptions were recommended by the Committee of Actuaries and adopted by the Pension Board at its sixty-ninth session, in July 2021. The foregoing actuarial assumptions are based on the presumption that the Fund will continue. Were the Fund to be terminated, different actuarial assumptions and other factors may be applicable in determining the actuarial present value of accumulated plan benefits.

Statement of accumulated benefits

171. The actuarial present value of accumulated plan benefits as at 31 December 2022 is as follows (see note 1.11 for a description of the pension adjustment system):

(Thousands of United States dollars)

	If future pension payments are made under the Regulations:	
	Without pension adjustments	*With pension adjustments*
Actuarial value of vested benefits		
Participants currently receiving benefits	28 670 044	38 368 048
Vested terminated participants	1 130 009	1 918 372
Active participants	20 869 906	28 938 291
Total vested benefits	**50 669 959**	**69 224 711**
Non-vested benefits	1 076 231	1 374 073
Total actuarial present value of accumulated plan benefits	**51 746 190**	**70 598 784**

Information on participation in the Fund

172. The last valuation was provided by the consulting actuaries as at 31 December 2021, on the basis of the participation shown below:

	At as 31 December 2021
Active participants accruing benefits	
Number	128 051
Annual remuneration (thousands of United States dollars)	12 774 734
Average remuneration (United States dollars)	**99 763**
Inactive participants no longer accruing benefits	
Number	9 210
Annual benefits payable at normal retirement age (thousands of United States dollars)	91 370
Average benefit payable at normal retirement age (United States dollars)	**9 921**
Retired participants and beneficiaries	
Number	82 312
Annual benefits (thousands of United States dollars)	2 662 125
Average benefit (United States dollars)	**32 342**

Note 19
Commitments and contingencies

19.1 Investment commitments

173. As at 31 December 2022 and 31 December 2021, the Fund was committed to the following investment commitments:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Real estate funds	2 850 580	2 751 886
Private equity	4 560 267	3 636 897
Infrastructure funds	87 812	320 194
Timberland funds	3 770	3 769
Total commitments	**7 502 429**	**6 712 746**

174. In the private equity, real estate, infrastructure and timberland investments, funds are drawn down in accordance with the terms and conditions of the fund agreements. The fund agreements are unique to each individual investment. Funds are drawn down to: (a) fund investments in assets that have been purchased or are being contracted for purchase; and (b) pay fees earned by the general partner or manager under the terms and conditions of the fund agreement.

19.2 Lease commitments

175. As at 31 December 2022 and 31 December 2021, the Fund was committed to the following lease commitments:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Obligations for property leases		
Less than 1 year	8 274	6 779
1–5 years	20 080	19 403
Greater than 5 years	34 523	43 154
Total property lease obligations	**62 877**	**69 336**

19.3 Legal or contingent liabilities and contingent assets

176. There are no contingent liabilities arising from legal actions and claims that are likely to result in a material liability to the Fund.

177. Contingent assets are excluded from the statement of net assets available for benefits on the basis that the inflow of economic benefits is not virtually certain but reliant on the incurrence of an event outside of the control of the Fund. There were no contingent assets as at 31 December 2022 or 31 December 2021.

Note 20
Risk assessment

178. The Fund's activities expose it to a variety of financial risks, including but not limited to credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk).

179. The Fund's investment risk management programme is intended to measure and monitor the risk to which the Fund is exposed and to minimize potential adverse effects on the Fund's financial performance, consistent with the Fund's strategic asset allocation policy. The Investments Committee provides advice to the Representative of the Secretary-General on investment strategy and reviews the investments of the Fund at its quarterly meetings. The Committee advises on long-term policy, asset allocation and strategy, diversification by type of investment, currency and economic sector and any other matters.

180. The Fund uses appropriate methods to measure, monitor and manage the various types of financial risks to which it is exposed. These methods are explained below.

20.1 Credit risk

181. Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms, resulting in a loss. The risk of a trading partner not fulfilling its obligations to another in a timely manner is a risk that all obligors face. Ensuring adequate control over credit risk and effective risk management is critical to the long-term sustainability of the Fund. The Fund manages risk by addressing the following important areas:

- Approving and maintaining appropriate credit exposure measurement and monitoring standards
- Establishing limits for amounts and concentrations of credit risk and monitoring and implementing a review process for credit exposure
- Ensuring adequate controls over credit risk

182. The Fund is primarily exposed to credit risk in its fixed-income asset class. The Fund manages credit risk in line with the authorized investment policy statement and the

relevant fixed-income investment benchmarks. The benchmark requires at least one well-known credit rating agency (S&P, Moody's or Fitch) to have rated the issue/issuer.

183. The tables below provide a summary of the credit ratings obtained from rating agencies (Moody's, S&P or Fitch) for the Fund's fixed-income portfolio as at 31 December 2022 and 31 December 2021. The Fund uses Moody's issue ratings as the primary source for the information shown in the tables. If the issue is not rated, then the Moody's issuer rating is used. If the issue/issuer is not evaluated by Moody's, then issue/issuer ratings are obtained from S&P or Fitch.

(Thousands of United States dollars)

	31 December 2022					
Fixed income	*Aaa/AA to Aa3/AA-*	*A1/A+ to A3/A-*	*Baa1/BBB+ to Baa3/BBB-*	*Ba1/BB+ to B3/B-*	*Not rated*[a]	*Total*
Government and agencies securities	17 945 250	216 104	447 261	132 423	26 543	18 767 581
Asset-backed securities	151 173	–	–	–	–	151 173
Corporate bonds/commercial paper	373 672	2 180 308	1 972 912	57 814	–	4 584 706
Municipal/provincial bonds	141 374	26 711	2 399	–	–	170 484
Commercial mortgage-backed	405 252	–	–	–	–	405 252
Funds – corporate bonds	–	–	–	–	52 755	52 755
Total	**19 016 721**	**2 423 123**	**2 422 572**	**190 237**	**79 298**	**24 131 951**
Percentage	**78.80**	**10.04**	**10.04**	**0.79**	**0.33**	**100.00**

[a] Six Russian Federation bonds amounting to $26.5 million and one bond fund amounting to $52.7 million were not evaluated by any credit rating agency.

(Thousands of United States dollars)

	31 December 2021					
Fixed income	*Aaa/AA to Aa3/AA-*	*A1/A+ to A3/A-*	*Baa1/BBB+ to Baa3/BBB-*	*Ba1/BB+ to B3/B-*	*Not rated*[a]	*Total*
Government and agencies securities	20 163 361	566 651	1 677 226	716 560	–	23 123 798
Asset-backed securities	207 406	–	–	–	–	207 406
Corporate bonds/commercial paper	46 301	248 130	315 997	–	–	610 428
Municipal/provincial bonds	38 991	–	–	–	–	38 991
Commercial mortgage-backed	705 297	–	–	–	–	705 297
Funds – corporate bonds	–	–	–	–	55 966	55 966
Total	**21 161 356**	**814 781**	**1 993 223**	**716 560**	**55 966**	**24 741 886**
Percentage	**85.52**	**3.29**	**8.06**	**2.90**	**0.23**	**100.00**

[a] One bond fund amounting to $56.0 million was not evaluated by any credit rating agency.

184. A maturity analysis of fixed-income securities as at 31 December 2022 and 13 December 2021 is presented as follows:

(Thousands of United States dollars)

Maturity	*31 December 2022*	*31 December 2021*
Less than 1 year	2 990 715	3 828 801
1–5 years	7 286 058	5 272 208
5–15 years	4 988 825	4 780 823
Greater than 15 years	8 866 353	10 860 054
Total	**24 131 951**	**24 741 886**

20.2 Liquidity risk

185. Liquidity risk is the risk of not being able to meet the cash requirements for the Fund's obligations. Cash requirements can arise from settlement needs for various investment trades, capital calls from uncalled or unfunded commitments, and benefit payment disbursements in various currencies. The Fund manages its liquidity risk by investing the vast majority of its investments in liquid securities.

20.3 Market risk

186. Market risk is the risk of change in the value of plan assets due to various market factor movements such as asset price, interest rates, major market index movements, currency exchange rates and market volatility. The Fund has adopted value at risk (VaR) as a parameter to measure the market risk, in addition to standard deviation and tracking risk. VaR is a universally accepted parameter to communicate market risk for financial and asset management institutions. The Fund also has risk tolerance for investment risks in the investment policy approved by the Representative of the Secretary-General. On the basis of this risk tolerance, a risk budget has been assigned to each portfolio manager. The risk budget is modified once a year.

187. VaR, as a single number, summarizes the portfolio's exposure to market risk and the probability of an adverse move, or, in other words, level of risk. The main purpose of VaR is to assess market risks that result from changes in market prices. There are three key characteristics of VaR: (a) the amount (in percentage or dollar terms); (b) the time horizon (in this case, one year); and (c) the confidence level (in this case, 95 per cent). When reported as 95 per cent confidence, the VaR 95 number (in percentage or in dollar terms) indicates that there is a 95 per cent chance that portfolio losses will not exceed the given VaR 95 number (in percentage or dollar terms) over a year. In addition, the Fund reports tail risk or expected shortfall, which measures the average expected loss for the 5 per cent of the time when the losses exceed VaR 95. The Fund also reports contribution to risk. Considering the risk of the whole Fund as 100 per cent, contribution to risk indicates how much of the risk is contributed by that asset class. Contribution to risk is additive (all contributions will add up to 100 per cent). VaR 95 is not additive owing to the diversification effect.

188. The table below depicts four important aspects of risk. It shows volatility or standard deviation in percentage, followed by VaR 95 for the given portfolio in percentage terms. Contribution to risk indicates how much each asset class contributes to the total Fund risk. Clearly, total Fund risk is 100 per cent and each of the asset classes below indicates the contribution to the risk. Expected shortfall at 5 per cent (because the Fund is indicating VaR at 95 per cent), indicates the average value or expected value of losses for the 5 per cent of the times when losses exceed VaR 95.

189. All numbers in the tables below are reported for a one-year term horizon. For 2022, the estimated volatility on an absolute basis (benchmark not included) of the total Fund was 14.81 per cent, the estimated VaR (95 per cent) was 20.65 per cent and

the estimated expected shortfall (5 per cent) was 36.86 per cent. VaR of 20.65 per cent indicates that there is a 95 per cent chance that portfolio losses will not exceed 20.65 per cent over a year. The asset class with the lowest VaR (lowest risk) is cash and short term, followed by fixed income and total equities. The asset class with the highest VaR (highest risk) is real assets, followed by equity and private equity. The contribution to risk statistics is driven by the asset class: (a) risk; (b) weights in portfolio; and (c) correlation with other assets in the portfolio. Accordingly, for 2022, the equity portfolio contributed 70.46 per cent to total fund risk, while fixed income contributed 1.01 per cent, real assets 17.21 per cent and private equity 11.32 per cent. As at 31 December 2022, equities represented 50.37 per cent of the net assets available for benefits.

190. All numbers in the tables below are annualized using historical simulation.

(Percentage)

	2022			
Asset class	*Volatility (standard deviation)*	*VaR (95 per cent)*	*Contribution to risk*	*Expected shortfall (5 per cent)*
Total Fund	14.81	20.65	100.00	36.86
Equity	20.90	28.36	70.46	52.11
Fixed income	4.91	8.65	1.01	12.45
Cash and short term	0.07	0.11	0.00	0.19
Real assets	28.55	39.18	17.21	72.10
Private equity	20.60	29.82	11.32	51.98

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2022. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

	2021			
Asset class	*Volatility (standard deviation)*	*VaR (95 per cent)*	*Contribution to risk*	*Expected shortfall (5 per cent)*
Total Fund	13.41	17.39	100.00	34.07
Equity	18.81	24.26	80.20	47.81
Fixed income	2.98	4.30	(0.52)	7.12
Cash and short term	0.06	0.10	0.00	0.14
Real assets	26.34	30.98	11.53	67.04
Private equity	17.95	24.99	8.79	46.64

Note: Figures are reported from MSCI RiskMetrics as at 31 December 2021. Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

191. The increased volatility (standard deviation), VaR (95 per cent) and expected shortfall (5 per cent) in 2022 and 2021 were due to the unprecedented equity market volatility caused primarily by global economic and policy factors, including the COVID-19 pandemic, interest rate rises and other geopolitical events.

192. Although VaR is an important tool for measuring market risk, the assumptions on which the model is based give rise to some limitations. Key assumptions include a one-day holding period to hedge or dispose of positions, which may not be the case for illiquid assets or may be due to adverse market conditions; a 95 per cent confidence level, which indicates that there is a 5 per cent probability of losses exceeding the VaR at 95 per cent; VaR calculated on an end-of-day basis, which does not reflect changes

during the trading day; and the use of historical data and the Monte Carlo simulation, which may not cover all possible scenarios, especially those of an exceptional nature.

Price risk

193. The Fund is exposed to equity securities price risk. This arises from investments held by the Fund for which prices in the future are uncertain. Where non-monetary financial instruments – for example, equity securities – are denominated in currencies other than the dollar, the price is initially expressed in non-dollar-denominated currency and is then converted into dollars, which will also fluctuate because of changes in currency exchange rates.

194. As at 31 December 2022 and 31 December 2021, the fair value of equities exposed to price risk was as follows:

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Common and preferred stock	38 513 809	50 146 375
Funds – exchange traded funds	672 026	1 800 533
Funds – common stock	8 479	14 174
Stapled securities	52 042	61 545
Total equity instruments	**39 246 356**	**52 022 627**

195. Considering the total Fund risk as 100 per cent, the contribution to risk due to equities is 70.46 per cent (2021: 80.20 per cent) of the total Fund risk and the rest is contributed by all other asset classes.

196. The Fund also manages its exposure to price risk by analysing the investment portfolio by industrial sector and benchmarking the sector weights.

197. The Fund's equity investment portfolio by industrial sector based on the General Industry Classification Standard as at 31 December 2022 and 31 December 2021 was as follows:

(Percentage)

	31 December 2022		*31 December 2021*	
General Industry Classification Standard	*Fund's equity portfolio*	*Benchmark*[a]	*Fund's equity portfolio*	*Benchmark*[b]
Financials	16.70	16.70	14.77	15.59
Information technology	21.16	21.04	23.88	25.35
Communication services	7.24	7.01	8.81	9.51
Consumer discretionary	11.56	11.71	13.00	13.35
Consumer staples	7.34	7.51	6.14	6.65
Energy	0.11	0.12	0.04	0.04
Health care	14.89	14.47	12.05	11.82
Industrials	9.70	10.14	8.99	8.17
Materials	4.77	5.43	4.22	4.98
Utilities	1.84	2.20	1.40	1.71

General Industry Classification Standard	31 December 2022 Fund's equity portfolio	31 December 2022 Benchmark[a]	31 December 2021 Fund's equity portfolio	31 December 2021 Benchmark[b]
Real estate	2.94	3.67	2.62	2.83
Other	1.75	Not applicable	4.08	Not applicable
Total	**100.00**	**100.00**	**100.00**	**100.00**

[a] Benchmark source: MSCI All-Country World Index, customized to exclude investments in armaments, tobacco and fossil fuels, according to sustainability policies.

[b] Benchmark source: 80 per cent MSCI World Developed Markets Environmental, Social and Governance Indexes and 20 per cent MSCI Emerging Markets Environmental, Social and Governance Indexes, customized to exclude tobacco and certain modalities of armament and thermal coal companies.

198. The following table presents an analysis of the Fund's concentration of equity price risk in the Fund's equity portfolio by geographical distribution, based on the counterparty's place of primary listing or, if not listed, place of domicile.

	31 December 2022	*31 December 2021*
North America	64.4	61.4
Europe	14.8	14.9
Asia Pacific	9.3	7.9
Emerging markets	11.5	15.8
Total	**100.0**	**100.0**

Currency risk

199. The Fund is one of the most globally diversified pension funds in the world and therefore holds both monetary and non-monetary assets denominated in currencies other than the dollar, the Fund's base currency. Currency exchange risk arises as the value of financial instruments denominated in other currencies fluctuates owing to changes in currency exchange rates. Management monitors the exposure to all currencies. The unrealized foreign exchange gain/loss is attributable primarily to the fluctuation in currency exchange rates during the period.

200. The Fund does not use hedging to manage its non-dollar-denominated currency risk exposure, because the Fund expects currency impact to net out to zero over a full market cycle, as has been the case historically. Currency risk refers to risk due to foreign exchange rate changes.

201. The tables below illustrate the foreign exchange risk exposure of the Fund by class of investments. These summarize the Fund's cash and investments at fair value as at 31 December 2022 and 31 December 2021. Net financial liabilities amounting to $270.7 million in 2022 (2021: $22.1 million) not held at fair value (see note 5) are excluded from this table. Assets held in exchange-traded funds are included as dollar assets.

Currency	As at 31 December 2022 Equity	Fixed income	Real assets	Alternative and other	Cash	Total
United States dollar	32.00	29.98	7.93	7.13	0.93	77.97
Euro	3.59	–	0.71	1.15	0.01	5.46
Japanese yen	3.22	–	0.20	–	0.00	3.42
British pound sterling	1.66	–	0.16	0.11	0.00	1.93
Hong Kong dollar	1.89	–	–	–	0.00	1.89
Canadian dollar	1.50	–	0.35	–	0.00	1.85
Swiss franc	1.26	–	–	–	0.01	1.27
Australian dollar	0.97	–	0.24	–	0.00	1.21
Republic of Korea won	0.66	0.09	–	–	0.00	0.75
Indian rupee	0.68	–	–	–	0.00	0.68
Swedish krona	0.45	–	–	–	0.00	0.45
Danish krone	0.40	–	–	–	0.00	0.40
Chinese yuan (renminbi)	0.37	–	–	–	0.00	0.37
Brazilian real	0.23	0.09	–	–	0.00	0.32
Mexican peso	0.21	0.08	–	–	0.00	0.29
South African rand	0.20	0.07	–	–	0.00	0.27
Singapore dollar	0.20	–	–	–	0.00	0.20
Thai baht	0.11	0.08	–	–	0.00	0.19
Indonesian rupiah	0.11	0.09	–	–	0.00	0.20
Malaysian ringgit	0.08	0.09	–	–	0.00	0.17
Russian rouble	0.13	0.03	–	–	0.00	0.16
Philippine peso	0.05	0.04	–	–	0.00	0.09
United Arab Emirates dirham	0.08	–	–	–	0.00	0.08
Polish zloty	0.03	0.05	–	–	0.00	0.08
New Israeli shekel	0.03	0.04	–	–	0.00	0.07
Hungarian forint	0.02	0.02	–	–	0.00	0.04
Czech koruna	–	0.04	–	–	0.00	0.04
Chilean peso	0.01	0.02	–	–	–	0.03
Norwegian krone	0.03	–	–	–	0.00	0.03
Colombian peso	0.00	0.02	–	–	0.00	0.02
New Zealand dollar	0.02	–	–	–	0.00	0.02
Romanian leu	–	0.02	–	–	0.00	0.02
Peruvian sol	–	0.02	–	–	0.00	0.02
Turkish lira	–	0.01	–	–	–	0.01
African franc	–	–	–	–	0.00	0.00
Pakistani rupee	–	–	–	–	0.00	0.00
Total	**50.19**	**30.88**	**9.59**	**8.39**	**0.95**	**100.00**

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

	As at 31 December 2021					
Currency	*Equity*	*Fixed income*	*Real assets*	*Alternative and other*	*Cash*	*Total*
United States dollar	36.45	23.33	5.76	6.00	1.74	73.28
Euro	4.05	0.03	0.69	0.94	0.01	5.72
Japanese yen	3.08	–	0.13	–	0.00	3.21
Hong Kong dollar	2.56	–	–	–	0.00	2.56
British pound sterling	1.93	–	0.15	0.14	0.00	2.22
Canadian dollar	1.47	0.02	0.30	–	0.00	1.79
Republic of Korea won	1.19	0.40	–	–	0.00	1.59
Swiss franc	1.43	–	–	–	0.00	1.43
Australian dollar	0.85	0.00	0.21	–	0.00	1.06
Indian rupee	0.93	0.10	–	–	0.00	1.03
Mexican peso	0.27	0.43	–	–	0.00	0.70
Brazilian real	0.27	0.40	–	–	0.00	0.67
Swedish krona	0.62	–	–	–	0.00	0.62
Indonesian rupiah	0.12	0.43	–	–	0.00	0.55
South African rand	0.28	0.18	–	–	0.00	0.46
Russian rouble	0.09	0.35	–	–	0.01	0.45
Malaysian ringgit	0.09	0.32	–	–	0.00	0.41
Danish krone	0.38	–	–	–	0.00	0.38
Chinese yuan (renminbi)	0.34	–	–	–	0.00	0.34
Thai baht	0.07	0.24	–	–	0.00	0.31
Polish zloty	0.03	0.17	–	–	0.00	0.20
Egyptian pound	–	0.18	–	–	0.00	0.18
Philippine peso	0.07	0.09	–	–	0.00	0.16
Singapore dollar	0.14	–	–	–	–	0.14
New Israeli shekel	0.02	0.07	–	–	0.00	0.09
United Arab Emirates dirham	0.07	–	–	–	0.00	0.07
Hungarian forint	0.01	0.05	–	–	0.00	0.06
Czech koruna	–	0.07	–	–	0.00	0.07
Peruvian sol	–	0.06	–	–	0.00	0.06
Colombian peso	–	0.05	–	–	0.00	0.05
Turkish lira	0.01	0.03	–	–	0.00	0.04
Chilean peso	–	0.03	–	–	0.00	0.03
Norwegian krone	0.03	0.00	–	–	0.00	0.03
Romanian leu	–	0.02	–	–	0.00	0.02
New Zealand dollar	0.02	–	–	–	0.00	0.02
Total	**56.87**	**27.05**	**7.24**	**7.08**	**1.76**	**100.00**

Note: Percentages are rounded to the nearest two decimal places; 0.00 indicates a value smaller than 0.01 but not zero.

Interest rate risk

202. Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value of financial assets and liabilities and future cash flows. The Fund holds fixed-interest rate securities, floating-rate debt instruments, cash and cash equivalents that expose the Fund to interest rate risk.

203. The table below presents a summary of the Fund's relative sensitivity to interest rate changes versus its reference fixed-income benchmark. This measure of duration for the portfolio indicates the approximate percentage change in the value of the portfolio if interest rates change by 100 basis points.

(Percentage)

	2022		*2021*	
	Fund	*Benchmark*	*Fund*	*Benchmark*
Effective duration	6.58	6.28	5.00	5.83

204. Effective duration is the sensitivity to interest rates. This means if the interest rate changes by 1 per cent, the Fund can lose or gain approximately 6.58 per cent (2021: 5.00 per cent) compared with the benchmark, which can lose or gain approximately 6.28 per cent (2021: 5.83 per cent). This arises primarily from the increase/decrease in the fair value of fixed-interest securities. Floating-rate debt instruments comprise less than 2 per cent (2021: 1 per cent) of the total fixed-income investments as at 31 December 2022.

Note 21
Budget information: reconciliation between the actual amounts on a comparable basis and the statement of changes in net assets available for benefits

205. Differences between the actual amounts on a comparable basis with the budget and the actual amounts recognized in the financial statements can be classified into the following:

(a) Basis differences, which occur when the approved budget is prepared on a basis other than the accounting basis, as stated in note 3.14;

(b) Timing differences, which occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences for the Fund for the purpose of comparison of budget and actual amounts;

(c) Entity differences, which occur when the budget omits programmes or entities that are part of the entity for which the financial statements are prepared. There are no entity differences for the Fund.

(Thousands of United States dollars)

	2022	*2021*
Actual amount on a comparable basis	**112 922**	**99 602**
Basis differences		
Asset additions/disposals	(1 721)	(378)
Depreciation, amortization and impairment	318	–
Unliquidated obligations	(4 392)	(5 857)
Prepayments	101	1 565
Employee benefits	(25 345)	3 390
Other accruals	1 157	688
Actual amount for administrative expenses in the statement of changes in net assets available for benefits	**83 040**	**99 010**

206. The above reconciliation illustrates key differences between total administrative expenditure on a budget basis (modified cash basis) and total expenditure on an IPSAS basis. The main differences can be categorized as follows:

- Depreciation/amortization expense: Fixed assets and intangible assets meeting the threshold for capitalization are capitalized and depreciated/amortized over their useful lives on an IPSAS basis. Only depreciation/amortization expense is recognized over the useful lives of the asset, whereas the total expense is recognized on a budget basis at the time of acquisition.

- Expense recognition: On a budget basis, expenditure is recognized at the time of disbursement or commitment as unliquidated obligations. Under IPSAS, expenses are recognized at the time goods or services are received. Unliquidated obligations for goods or services not received or prepayments are not recognized as expense. Economic services received but not yet paid for are recognized as expense under IPSAS.

- Employee benefits: On a budget basis, employee benefit expenses are recognized when the benefit is paid. Under IPSAS, an expense for an employee benefit should be recognized in the period in which the benefit is earned, regardless of time of payment. IPSAS therefore recognizes expenses for post-employment benefits such as after service health insurance, annual leave or repatriation benefits.

Note 22
Funds under management

207. Funds under management are defined as other United Nations funds for which the Fund has engaged the services of external fund managers, independent of the Fund.

208. Pursuant to General Assembly resolutions 2951 (XXVII), by which the Assembly established the United Nations University (UNU), and 3081 (XXVIII) and article IX of the UNU Charter (A/9149/Add.2), the Office of Investment Management is providing oversight services for the investments of the United Nations University Endowment Fund that are outsourced to BlackRock financial managers with a separate custodian bank. Formal arrangements between the Office and the Endowment Fund regarding these services have been agreed upon. Resulting funds are reflected in the accounts of UNU. There is no commingling of investment funds with those of the Fund, which are maintained separately. Costs of the Office's management advisory fees, amounting to $50,000 per year, are reimbursed by the Endowment Fund to the Office and recorded as other investment-related income.

Note 23
Related party transactions

Key management personnel

209. Key management personnel remunerated by the Fund for the years ended 31 December 2022 and 31 December 2021 are as follows:

	Number of individuals	Compensation and post adjustment	Entitlements	Pension and health plans	Total remuneration	Outstanding advances against entitlements	Outstanding loans
		(Thousands of United States dollars)					
2022	5	1 141	295	272	1 708	–	–
2021	5	1 126	306	277	1 709	–	–

210. Key management personnel are the Chief Executive of Pension Administration, the Representative of the Secretary-General, the Deputy Chief Executive of Pension Administration, the Chief Investment Officer and the Chief Financial Officer, given that they have the authority and responsibility for planning, directing and controlling the activities of the Fund (see note 1.2).

211. The aggregate remuneration paid to key management personnel includes net salaries, post adjustment and entitlements such as representation allowance and other allowances, assignment and other grants, rental subsidy, personal effect shipment costs, and employer pension and current health insurance contributions.

212. There were no outstanding advances against entitlements of key management personnel as at 31 December 2022 and 31 December 2021.

213. Key management personnel are also qualified for post-employment benefits (see note 11) on the same basis as other employees. The actuarial valuation of the benefits for the key management personnel are as follows:

(Thousands of United States dollars)

	31 December 2022	31 December 2021
After-service health insurance	1 252	1 602
Repatriation grant	300	364
Annual leave	179	217
Total	**1 731**	**2 183**

Other related parties

214. The following are considered related parties, and a summary of the Fund's relationship with these parties is provided below.

General Assembly

215. The General Assembly is the highest legislative body for the Fund. It reviews reports submitted by the Pension Board, approves the budgets for the Fund, decides on the admittance of new member organizations to the Fund and amends the Regulations of the Fund.

Member organizations participating in the Fund

216. Member organizations of the Fund (international, intergovernmental organizations) join the Fund by decision of the General Assembly upon the recommendation of the Pension Board and at the time of admission agree to adhere to the Regulations of the Fund. Each Fund member organization has a staff pension committee and a secretary to the committee; the committees and their secretariat are an integral part of the Fund's administration.

217. The United Nations is the largest member organization of the Fund, and the United Nations Secretariat serves as its host organization and provides administrative support services. The Fund provides services to the United Nations Staff Pension Committee secretariat. The exchange of services between the Fund and the United Nations is governed by and remunerated according to the agreed annual service-level agreements between both entities.

United Nations International Computing Centre

218. The United Nations International Computing Centre was established in January 1971 pursuant to General Assembly resolution 2741 (XXV) and provides information and communications technology services to partners and users in the United Nations system. As a partner bound by the mandate of the Centre, the Fund would be proportionately responsible for any third-party claim or liability arising from or related to service activities of the Centre as specified in the Centre's mandate. As at 31 December 2022, there were no known claims that affected the Fund. Ownership of assets is with the Centre until dissolution. Upon dissolution, the division of all assets and liabilities among partner organizations shall be agreed by the Management Committee by a formula defined at that time.

219. The role of the Centre is to:

- Provide information technology services on a full cost-recovery basis
- Assist in exploiting networking and computing technology
- Provide information management services
- Advise on questions related to information management
- Provide specialized training

Annex to the notes to the financial statements

Statistics on the operations of the United Nations Joint Staff Pension Fund

Table 1
Number of participants

Member organization	*Participants as at 31 December 2021*	*New entrants*	*Transfer In*	*Transfer Out*	*Separations*	*Adjustments*[a]	*Participants as at 31 December 2022*	*Percentage increase/(decrease)*
United Nations[b]	86 827	8 237	299	300	5 478	139	89 446	3.0
Food and Agriculture Organization of the United Nations[c]	13 900	2 793	94	104	672	21	15 990	15.0
World Health Organization	11 310	993	100	56	785	11	11 551	2.1
International Organization for Migration	8 636	1 783	46	56	441	–	9 968	15.4
International Labour Organization	4 283	435	41	40	310	3	4 406	2.9
International Atomic Energy Agency	2 743	176	17	39	207	3	2 687	(2.0)
United Nations Educational, Scientific and Cultural Organization	2 539	234	26	23	167	8	2 601	2.4
World Intellectual Property Organization	1 210	50	7	4	63	–	1 200	(0.8)
International Criminal Court	1 166	43	15	26	90	1	1 107	(5.1)
International Telecommunication Union	778	46	8	4	45	2	781	0.4
International Civil Aviation Organization	720	41	11	5	42	–	725	0.7
United Nations Industrial Development Organization	713	45	2	6	50	1	703	(1.4)
International Fund for Agricultural Development	646	55	17	8	43	2	665	2.9
World Meteorological Organization	388	51	9	3	38	–	407	4.9
International Maritime Organization	345	27	2	5	16	–	353	2.3
Comprehensive Nuclear-Test-Ban Treaty Organization	329	25	16	9	18	–	343	4.3
Special Tribunal for Lebanon	259	2	–	22	53	–	186	(28.2)
International Centre for Genetic Engineering and Biotechnology	169	18	–	3	10	–	174	3.0
World Tourism Organization	87	11	1	–	2	–	97	11.5
International Seabed Authority	48	10	3	2	5	–	54	12.5
International Centre for the Study of the Preservation and Restoration of Cultural Property	47	4	–	–	1	–	50	6.4
Inter-Parliamentary Union	45	2	–	–	3	–	44	(2.2)

Member organization	Participants as at 31 December 2021	New entrants	Transfer		Separations	Adjustments[a]	Participants as at 31 December 2022	Percentage increase/(decrease)
			In	Out				
International Tribunal for the Law of the Sea	40	1	1	–	3	–	39	(2.5)
European and Mediterranean Plant Protection Organization	19	4	–	–	2	–	21	10.5
Wassenaar Arrangement	14	2	–	–	2	–	14	0.0
Total	**137 261**	**15 088**	**715**	**715**	**8 546**	**191**	**143 612**	**4.6**

[a] Corrections of erroneous entries from prior years.
[b] United Nations Headquarters, regional offices and all funds and programmes.
[c] Including the World Food Programme.

Table 2

Benefits awarded to participants or their beneficiaries during the year ended 31 December 2022

Member organization	*Number of benefits awarded*											
				Withdrawal settlement								
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*< 5 years*	*> 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
United Nations[a]	949	409	476	2 491	950	1 009	103	–	59	–	14	6 460
Food and Agriculture Organization of the United Nations[b]	143	64	64	259	108	108	22	–	1	–	6	775
World Health Organization	212	58	60	324	107	140	10	–	5	–	5	921
International Organization for Migration	24	2	15	307	85	17	4	–	4	–	–	458
International Labour Organization	52	24	7	166	56	20	2	–	1	–	1	329
International Atomic Energy Agency	59	22	38	68	15	19	1	–	4	–	1	227
United Nations Educational, Scientific and Cultural Organization	41	22	16	65	16	19	–	–	5	–	2	186
World Intellectual Property Organization	17	11	6	23	3	2	1	–	–	–	1	64
International Criminal Court	8	6	9	29	34	6	–	–	2	–	1	95
International Telecommunication Union	16	6	2	15	4	4	–	–	2	–	–	49
International Civil Aviation Organization	15	6	5	11	5	8	–	–	–	–	–	50
United Nations Industrial Development Organization	21	10	2	12	1	17	1	–	2	–	–	66
International Fund for Agricultural Development	9	7	4	18	–	3	–	–	2	–	3	46
World Meteorological Organization	13	6	5	13	–	8	–	–	1	–	–	46
International Maritime Organization	6	4	1	4	1	1	–	–	–	–	–	17
Comprehensive Nuclear-Test-Ban Treaty Organization	2	–	1	15	–	–	–	–	–	–	–	18
Special Tribunal for Lebanon	3	1	8	18	23	3	–	–	–	–	–	56
International Centre for Genetic Engineering and Biotechnology	4	3	–	2	1	–	–	–	–	–	–	10
World Tourism Organization	–	1	–	1	–	–	–	–	–	–	–	2
International Seabed Authority	1	–	1	2	1	–	–	–	–	–	–	5
International Centre for the Study of the Preservation and Restoration of Cultural Property	1	–	–	–	–	1	–	–	–	–	–	2
Inter-Parliamentary Union	1	–	1	–	–	1	–	–	–	–	1	4
International Tribunal for the Law of the Sea	–	1	–	2	–	1	–	–	–	–	–	4

	Number of benefits awarded											
Member organization	*Retirement benefit*	*Early retirement benefit*	*Deferred retirement benefit*	*Withdrawal settlement < 5 years*	*Withdrawal settlement > 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
European and Mediterranean Plant Protection Organization	1	–	–	1	–	–	–	–	–	–	–	2
Wassenaar Arrangement	2	–	–	–	–	2	–	–	–	–	–	4
Total	**1 600**	**663**	**721**	**3 846**	**1 410**	**1 389**	**144**	**–**	**88**	**–**	**35**	**9 896**
Table 1 separations	1 600	663	721	3 846	1 410	39	144	–	88	–	35	8 546
One-time benefits	–	–	–	3 846	1 410	–	–	–	–	–	35	5 291
Table 4 new	1 600	663	721	–	–	1 389	144	–	88	–	–	4 605

[a] United Nations Headquarters, regional offices and all funds and programmes.
[b] Including the World Food Programme.

Table 3
Benefits awarded to participants or their beneficiaries during the year ended 31 December 2021

Member organization	*Number of benefits awarded*											
				Withdrawal settlement								
	Retirement benefit	*Early retirement benefit*	*Deferred retirement benefit*	*< 5 years*	*> 5 years*	*Child benefit*	*Widow and widower benefit*	*Other death benefit*	*Disability benefit*	*Secondary dependency benefit*	*Transfer under agreement*	*Total*
United Nations[a]	877	507	353	2 703	1 483	1 391	157	–	86	2	23	7 582
Food and Agriculture Organization of the United Nations[b]	94	58	52	313	95	146	27	–	4	1	3	793
World Health Organization	102	62	35	281	140	152	20	–	7	–	2	801
International Organization for Migration	23	9	15	307	86	30	8	–	–	1	–	479
International Labour Organization	51	19	19	121	24	25	9	–	3	–	–	271
International Atomic Energy Agency	70	15	29	46	6	19	2	–	2	–	–	189
United Nations Educational, Scientific and Cultural Organization	44	17	24	64	7	17	3	–	5	–	–	181
World Intellectual Property Organization	18	9	7	22	–	5	1	–	3	–	–	65
International Criminal Court	9	3	5	29	16	2	1	–	–	–	–	65
International Telecommunication Union	16	5	2	12	4	4	–	–	2	–	–	45
International Civil Aviation Organization	19	5	7	10	6	6	1	–	1	–	–	55
United Nations Industrial Development Organization	18	7	–	13	1	5	–	–	3	–	–	47
International Fund for Agricultural Development	12	10	10	16	1	7	2	–	–	–	2	60
World Meteorological Organization	7	3	1	9	1	10	–	–	–	–	–	31
International Maritime Organization	9	4	–	11	2	3	–	–	1	–	–	30
Comprehensive Nuclear-Test-Ban Treaty Organization	1	–	1	12	1	–	–	–	1	–	–	16
Special Tribunal for Lebanon	5	1	12	47	56	4	–	–	–	–	–	125
International Centre for Genetic Engineering and Biotechnology	3	3	4	–	–	2	–	–	–	–	–	12
World Tourism Organization	2	1	–	1	1	–	–	–	–	–	–	5
International Seabed Authority	4	–	–	1	–	2	–	–	–	–	–	7
International Centre for the Study of the Preservation and Restoration of Cultural Property	2	–	–	5	–	–	–	–	–	–	–	7
Inter-Parliamentary Union	–	1	–	–	1	–	–	–	–	–	–	2
International Tribunal for the Law of the Sea	1	–	–	–	–	–	–	–	–	–	–	1

Member organization	Number of benefits awarded											
	Retirement benefit	Early retirement benefit	Deferred retirement benefit	Withdrawal settlement < 5 years	Withdrawal settlement > 5 years	Child benefit	Widow and widower benefit	Other death benefit	Disability benefit	Secondary dependency benefit	Transfer under agreement	Total
European and Mediterranean Plant Protection Organization	1	–	–	–	–	–	–	–	–	–	–	1
Wassenaar Arrangement	–	–	–	–	–	–	–	–	–	–	–	–
Total	**1 388**	**739**	**576**	**4 023**	**1 931**	**1 830**	**231**	**–**	**118**	**4**	**30**	**10 870**

[a] United Nations Headquarters, regional offices and all funds and programmes.
[b] Including the World Food Programme.

Table 4
Analysis of periodic benefits for the year ended 31 December 2022

Type of benefit	*Total as at 31 December 2021*	*New*	*Benefits discontinued, resulting in award of survivor benefit[a]*	*All other benefits discontinued*	*Total as at 31 December 2022*	*Percent increase/(decrease)*
Retirement	29 461	1 600	(378)	(479)	30 204	2.5
Early retirement	17 351	663	(201)	(303)	17 510	0.9
Deferred retirement	9 034	721	(50)	(207)	9 498	5.1
Widow	12 333	126	712	(565)	12 606	2.2
Widower	1 234	18	83	(62)	1 273	3.2
Disability	1 927	88	(24)	(42)	1 949	1.1
Child	10 048	1 353	–	(1 360)	10 041	(0.1)
Child with disability	891	36	–	(51)	876	(1.7)
Secondary dependant	33	–	–	(2)	31	(6.1)
Total	**82 312**	**4 605**	**142**	**(3 071)**	**83 988**	**2.0**

[a] Benefits discontinued resulting in the award of a survivor benefit can result in a greater number of survivor benefits than those discontinued. This occurs because multiple survivor benefits can be awarded as a result of the discontinuation of a main participant’s terminated benefit. In addition, survivor benefits may be awarded in the year or years subsequent to the year in which a primary participant’s benefit was discontinued, leading to timing differences.

Table 5
Inventory of deferred and active entitlement cases

	As at 31 December 2022		*As at 31 December 2021*	
	Number	*Percentage*	*Number*	*Percentage*
No payment due at all				
Possible re-employment under article 21 of the Regulations of the Fund	52	1	20	<1
No immediate payment due				
Deferred retirement benefit under article 30 of the Regulations of the Fund (payment not due until retirement age or from early retirement age)	326		331	
Deferment of choice under article 32 of the Regulations of the Fund (election/payment of benefits deferred by the beneficiary up to 36 months)	3 667		4 313	
Subtotal	**3 993**	**79**	**4 644**	**82.6**
Not ready for payment				
Cases reviewed but more information/clarification required	786	16	758	13.5
For payment (case inventory)				
Cases in progress	75		87	
Cases scheduled for review	122		110	
Subtotal	**197**	**4**	**197**	**3.5**
Total	**5 028**		**5 619**	

Annex VIII

Agreement on the transfer of pension rights of participants in the United Nations Joint Staff Pension Fund and officials of the European University Institute

Whereas, pursuant to the policy of international intergovernmental organizations to facilitate the exchange of personnel, it is desirable to secure continuity of pension rights of staff members transferring between these organizations,

Whereas, the Regulations of the United Nations Joint Staff Pension Fund (UNJSPF) and the Rules of the Pension Scheme and Regulations of the European University Institute (EUI), namely the Staff Regulations applicable to Permanent Staff Members and Conditions of Employment of Other Servants of EUI, authorize the conclusion of such agreements with other international organizations and with the Governments of Member States for the transfer and continuity of such rights,

Whereas, the President of EUI on behalf of the EUI High Council approved the agreement,

Whereas, at its session held July 2023, the United Nations Joint Staff Pension Board approved, and the United Nations General Assembly, by its resolution [number] of [date] concurred, the Agreement between EUI and UNJSPF,

It has been agreed as follows:

Article 1
Definitions

1.1 For the purposes of the present Agreement:

(a) "UNJSPF" means the United Nations Joint Staff Pension Fund;

(b) "UNJSPF participant" means a participant in the United Nations Joint Staff Pension Fund;

(c) "EUI" means the European University Institute;

(d) "EUI Pension Scheme" means the Pension Scheme applicable to officials of the EUI;

(e) "Official" means a permanent staff member or a member of the temporary and contract staff of the EUI affiliated to the EUI Pension Scheme;

(f) "Parties" means collective references to both parties of this Agreement, i.e. UNJSPF and EUI and/or its Pension Scheme.

Article 2
Transfers from the United Nations Joint Staff Pension Fund to the European University Institute Pension Scheme

2.1 A former UNJSPF participant who has not received a benefit under the UNJSPF Regulations and becomes affiliated to the EUI Pension Scheme within one year after separation from service from a UNJSPF member organization and the cessation of UNJSPF participation, may within a further period of one year after the commencement of service and participation in the EUI Pension Scheme elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from UNJSPF to the EUI Pension Scheme.

2.2 Upon a written and binding election by the former UNJSPF participant, UNJSPF shall pay to the EUI Pension Scheme, upon request by the EUI, an amount equal to the larger of:

(a) The equivalent actuarial value, calculated in accordance with the relevant articles of the UNJSPF Regulations, of the retirement benefit which the UNJSPF participant had accrued in UNJSPF based on the contributory service and final average remuneration up to the date participation in the UNJSPF ceased; or

(b) The withdrawal settlement to which the former UNJSPF participant would have been entitled under the UNJSPF Regulations, upon separation from the service of a UNJSPF member organization.

2.3 Based on the amount transmitted by UNJSPF under article 2.2 of this Agreement, the former UNJSPF participant's account in the EUI Pension Scheme will be credited in full, in accordance with the relevant EUI Pension Scheme Regulations.

2.4 Upon such election, the former UNJSPF participant shall cease to be entitled to any benefit under the UNJSPF Regulations.

Article 3
Transfers from the European University Institute Pension Scheme to the United Nations Joint Staff Pension Fund

3.1 A former official of EUI who has not received a benefit under the EUI Pension Scheme and becomes a UNJSPF participant within one year after separation from the service of EUI, may within a further period of one year after the commencement of service with a UNJSPF member organization and participation in the UNJSPF elect to be covered by the provisions of the present Agreement and to transfer the accrued entitlements from the EUI Pension Scheme to UNJSPF.

3.2 Upon a written and binding election by the former official of the EUI, EUI shall pay to UNJSPF, upon request from the UNJSPF, an amount equal to the larger of:

(a) The actuarial equivalent of the pension rights acquired by the former official in the EUI Pension Scheme, established in accordance with the provisions of the EUI Pension Scheme Regulations; or

(b) The total amount of the entitlement, under the provisions of the EUI Pension Scheme Regulations, as at the date on which the official left the service of EUI.

3.3 On the basis of the amount determined under article 3.2, the former official shall be credited for purposes of UNJSPF with contributory service equal to such period as determined in accordance with the actuarial assumptions applied by UNJSPF as of the date of the election and the relevant articles of the UNJSPF Regulations to be equal in value to the amount paid to UNJSPF by the EUI Pension Scheme.

3.4 The maximum pensionable service credit granted in UNJSPF by application of this Agreement cannot exceed the length of the actual past service that the EUI official concerned had performed in that organization. After calculating the actuarial value determining the amount required for the maximum available recognition of past service, only the amount required for recognition will be transferred by the EUI Pension Scheme to UNJSPF.

3.5 Upon such election, the former EUI official shall cease to be entitled to any benefit under the EUI Pension Scheme Regulations.

Article 4
Leave without pay

4.1 Transfer of pension rights cannot be completed until formal separation from service and cessation of participation in the original pension plan. Persons on secondment or loan are not considered separated and accordingly are not covered by this Agreement. Leave without pay status has to be terminated before pension rights are transferred. If a person is on a leave without pay status for more than three consecutive years, during which no concurrent pension contributions are made, no pension rights can be transferred, as stipulated below. Transfer of pension rights is not permitted if the person contributes concurrently both to UNJSPF and the EUI Pension Scheme during the leave without pay period.

United Nations Joint Staff Pension Fund participant on leave without pay

4.2 If a UNJSPF participant becomes a participant in the EUI Pension Scheme during a period of leave without pay from a UNJSPF member organization and, upon the termination of such period, ceases to be a participant in the EUI Pension Scheme and resumes contributory service in UNJSPF without any break in participation, the UNJSPF participant shall not be entitled to any benefit under the EUI Pension Scheme Regulations in respect of such period but shall instead receive credits in the UNJSPF as provided in article 3 above. The EUI Pension Scheme shall pay to UNJSPF an amount determined in accordance with article 3.2 above. Such period shall count for the UNJSPF participant as contributory service in UNJSPF under article 22 (b) of the UNJSPF Regulations.

4.3 The provisions of articles 2.2 and 2.3 above shall apply if, upon the termination of the leave without pay period, the UNJSPF participant ceases to be a UNJSPF participant and continues to be a participant of the EUI Pension Scheme and the former UNJSPF participant makes an election in writing to that effect within one year of the termination of the leave without pay period. These provisions shall also apply to the former UNJSPF participant in the event of the death or disability retirement during leave without pay under the EUI Pension Scheme, as long as no benefit election has been made under the UNJSPF Regulations.

EUI official on leave without pay

4.4 If a participant of the EUI Pension Scheme becomes a UNJSPF participant during a period of leave without pay from EUI and, upon the termination of such period (not exceeding three consecutive years when no contributions are made), ceases to be a UNJSPF participant and resumes contributory service in the EUI Pension Scheme, the participant shall not be entitled to any benefit under the UNJSPF Regulations in respect of the leave without pay period but shall instead receive credits in the EUI Pension Scheme as provided in article 2 above. UNJSPF shall pay to the EUI Pension Scheme an amount determined in accordance with article 2.2 above.

4.5 The provisions of articles 3.2 and 3.3 above shall apply if, upon the termination of the leave without pay period, the EUI Pension Scheme participant ceases to be a participant in the EUI Pension Scheme and continues to be a UNJSPF participant and the former participant in the EUI Pension Scheme makes an election in writing to that effect within one year of the termination of LWOP period. These provisions shall also apply to the EUI Pension Scheme participant in the event of the death or disability retirement during LWOP under the UNJSPF Regulations, as long as no benefit election has been made under the EUI Pension Scheme Regulations.

Article 5
Transitional period

5.1 Officials who entered the service of EUI and its Pension Scheme within one year preceding the effective date of this Agreement, and who have not received any payments from UNJSPF, may elect to avail themselves of the provisions of this Agreement by so informing UNJSPF, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

5.2 Staff members who entered the service of a UNJSPF member organization and became UNJSPF participants within one year preceding the effective date of this Agreement, and who have not received any payments from the EUI Pension Scheme, may elect to avail themselves of the provisions of this Agreement by so informing EUI, in writing, within one year of the effective date of the Agreement. Upon so electing, the relevant provisions (particularly articles 2, 3 and 4 above) of this Agreement apply.

Article 6
Implementation of the Agreement and administration costs

6.1 The implementation of this Agreement shall be subject to the UNJSPF Regulations and Administrative Rules and to the EUI Pension Scheme Regulations as well as any internal implementation guidance and procedures established by either Party.

6.2 In order to ensure consistent interpretation and implementation of the provisions of this Agreement, the Parties shall keep each other informed and consult on any changes in implementation practice or other applicable procedures.

6.3 Each Party covers the relevant administrative and other costs incurred in dealing with individual cases arising out of this Agreement, including the determination of transfer values.

6.4 Payments pursuant to this Agreement are remitted promptly. However, no Party shall impose or add interest on account of delays that may occur in transmitting amounts pursuant to this Agreement.

6.5 All payments are made and recorded by UNJSPF in United States dollars and UNJSPF is not responsible for fluctuations in exchange rates. All payments are made and recorded by EUI in Euros and EUI is not responsible for fluctuations in exchange rates.

Article 7
Confidentiality

7.1 The Parties will be bound by their respective legal frameworks in relation to the confidentiality of information shared in the administration and implementation of this Agreement.

Article 8
Consultations and settlement of disputes

8.1 The Parties shall consult on any matter arising out of the present Agreement. The Parties shall use their best efforts to amicably resolve any issue concerning the interpretation or implementation of the terms of the present Agreement through negotiation.

8.2 Any individual UNJSPF participant or EUI official may bring an administrative action against their employing organization or pension scheme, in accordance with their respective dispute settlement mechanisms.

Article 9
Termination

9.1 The present Agreement shall continue in effect until modified or terminated by the mutual consent in writing of the Parties hereto or terminated unilaterally upon not less than one year's prior notice given in writing by either Party.

Article 10
Effective Date of the Agreement

10.1 The present Agreement shall enter into force on signature with effect from 1 January 2024. It has been duly signed in duplicate in English, at the dates and places given below:

For the EUI	For the United Nations Joint Staff Pension Fund
Renaud **Dehousse**	Rosemarie **McClean**
President	Chief Executive of Pension Administration
Date:	Date:
______________________	______________________
Florence, Italy	New York, United States of America

Annex IX

Statements by observers

A. Statement on behalf of the Federation of International Civil Servants' Associations

Madame Chair, distinguished members of the Board, dear colleagues, dear friends, on behalf of the Federation of International Civil Servants' Associations, I thank you for allowing me to address the Board today and convey our heartfelt gratitude for the visible efforts to engage in more regular and constructive consultations with the Federation. The presence of the Chief Executive of Pension Administration, Rosemarie McClean, and of the Chief Executive of the Office of Investment Management, Pedro Guazo, during the last FICSA Council and their invaluable contribution and insights greatly enriched the discussions and strengthened the spirit of collaboration among all stakeholders involved.

We hope the trend will be reconfirmed in the future, as we are convinced that collaboration with staff representatives, inclusive dialogue and regular and constructive consultations involving the Federations can provide valuable insights and lead to more effective and equitable outcomes. FICSA is happy to confirm that it is now fully participating in the meetings of the participants representatives group and providing regular feedback on behalf of its membership.

FICSA recognizes the paramount importance of the joint efforts undertaken by the Pension Board to manage and secure the welfare of the beneficiaries of the staff Pension Fund. The dedication and professionalism demonstrated by the Pension Board in administering the pension scheme are commendable and greatly appreciated by the entire international civil service community.

It is through the continued commitment and dedication of organizations such as yours that the Pension Fund remains a vital lifeline for the dedicated civil servants who have tirelessly served their respective organizations and missions around the world. Your steadfast commitment to safeguarding the interests of pensioners ensures that they can confidently plan for their future, even after their active years of service have concluded.

The FICSA membership has certainly appreciated the efforts for clear and transparent communication between the Board and staff members regarding any changes, updates or decisions related to the pension scheme as well as the timely dissemination of information, and accessible and user-friendly communication channels, as they feel this will empower staff to make informed decisions about their retirement planning.

Our members have also appreciated a more efficient and reliable administration of pension benefits as crucial to ensuring a smooth retirement process for staff members and have been witnesses to a modernized and streamlined pension administration system, making it user-friendly and accessible to all beneficiaries. FICSA hopes that when upgrading the Fund's information systems, all lessons learned from the past will be taken into consideration to avoid any delays in payment of pension benefits to retirees.

FICSA recognizes the importance of a prudent investment strategy to maximize returns while managing risk appropriately. We encourage the Board to employ sustainable investment practices and consider environmental, social and governance factors in the investment decision-making process.

In conveying our membership's main concerns, we cannot forget, as both participants and beneficiaries have emphasized, the importance of maintaining a sustainable and adequate pension scheme that fully reflects the cost of living and economic realities faced by retirees. With increasing life expectancies and uncertain global economic conditions, we urge the Board to take necessary measures to safeguard the long-term sustainability of the Pension Fund while ensuring the financial security of our members during retirement.

It is also imperative that the pension system remain fair and equitable for all staff members, regardless of their grade, rank or employing organization. Any proposed changes to the pension plan should be thoroughly analysed to ensure that they do not disproportionately impact specific groups of beneficiaries, particularly those in lower-income brackets or with non-traditional career paths.

Another issue of great concern to our members, and in particular from the specialized agencies, is the representation on the Board and the risk of losing seats when new organizations may join the fund. FICSA looks forward to the outcome of the governance review and hopes that an equitable and fair solution can be identified to further strengthen the tripartite nature of the Board.

With an increasingly mobile workforce, pension portability is a significant concern for staff members. FICSA membership would wish the Board to explore mechanisms that enable staff to maintain their pension benefits seamlessly when transitioning between different international organizations or locations.

FICSA remains firmly committed to promoting a positive and constructive environment, where the focus lies solely on supporting the welfare and interests of international civil servants, including their pension security.

Once again, we extend our deepest gratitude to each member of the Joint Staff Pension Board for their dedicated service and continuous efforts to preserve and enhance the Pension Fund. FICSA stands ready to support your endeavours and to collaborate towards furthering the common cause of securing the welfare of civil servants worldwide.

Thank you for your time and attention.

B. Statement on behalf of the United Nations International Civil Servants Federation

Madam Chair, on behalf of the United Nations International Civil Servants Federation, I would like to thank the Pension Board and the meeting organizers for allowing us to be an observer at this meeting and watch the proceedings.

We would like to express our gratitude to the Pension Fund leadership for always being reachable and available to our Federation and to our individual members (field and Headquarters unions), from being present at our general meetings to participating in town hall meetings and the pre-retirement activities organized by us.

We participated in the preparatory meetings scheduled by the participants representatives and confirm having received access to the reports and documents discussed in this session. While observing the proceedings, we saw the level of transparency which has been the norm in the discussions and in reaching consensus.

We are happy to hear from the Board of Auditors that the Pension Administration implemented 83 per cent of its recommendations. Hence, we would like to congratulate the Pension Fund administration for this.

At the same time, we would like to encourage the Pension Fund administration to look deeper into the OIOS report. According to the OIOS Under-Secretary-General, Fatoumata Ndiaye, only 26 out of 52 recommendations were implemented. We would like to see that percentage go up.

The Federation and all its individual members will be reaching out to our participant representatives right after the reports are made official and public for them to address the staff at large about the current status and the future of our Pension Fund.

Again, thanks so much for allowing us to be part of this meeting.

Annex X

Budget estimates for 2024

The budget estimates for 2024 provided in the document below are to be considered in conjunction with the supplementary information.

Contents

Summary

The present report contains budget estimates for the year 2024, which amount to $139,288,500 (before recosting).

Resource requirements for 2024

(Thousands of United States dollars)

	Resources		*Posts*		*General temporary assistance*	
	2023 approved	*2024 estimate (before recosting)*	*2023 approved*	*2024 estimate*	*2023 approved*	*2024 estimate*
Secretariat of the Pension Board	1 254.8	1 343.0	3	3	1	1
Pension Administration	66 179.1	70 734.8	258	267	8	18
Office of Investment Management	56 649.8	64 998.7	150	167	7	–
Audit	2 199.7	2 212.0	6	6	2	2
Total	**126 283.4**	**139 288.5**	**417**	**443**	**18**	**21**

I. Overview

1. The United Nations Joint Staff Pension Fund was established by the General Assembly in 1949. The Fund is responsible for providing retirement, death, disability and related benefits for the staff of the United Nations and other organizations admitted to membership in the Fund.

2. The Chief Executive of Pension Administration administers the Fund under the authority of the United Nations Joint Staff Pension Board and is responsible for the management of the Pension Administration. The Secretary of the Board reports directly to the Chair of the Board. The Office of Investment Management reports to the Secretary-General through his Representative for the investment of the assets of the Fund.

Funding source

3. The Fund is funded through contributions from its participating member organizations and staff members, as well as investment income, whereby the contributions of member organizations are resourced from the Member States and other resources. The Fund is not funded directly through the assessed contributions of Member States.

4. Reflecting the nature of the Fund, its budget includes only estimated administrative expenditure; the budget represents a ceiling of reasonable expenditure to administer the Fund, and any underexpenditure should be considered savings, which remain in the Fund.

5. In addition to the administration of the Fund, the Pension Administration serves as the secretariat of the United Nations Staff Pension Committee on behalf of the United Nations (including its funds and programmes), whereas all other member organizations are responsible for their expenses under the Regulations of the Fund. The United Nations reimburses the Fund for the expenses incurred in providing these services. As the Fund's host organization, the United Nations also provides a number of administrative services to the Fund and charges the Fund accordingly. Therefore, the budget for 2024 reflects the estimates for the remuneration for the services provided to the United Nations in line with the methodology of the valuation of the services exchanged between the Fund and the United Nations as endorsed by the General Assembly in its resolution 74/263.

A. Proposed programme plan for 2024

6. The present budget proposal continues to follow the results-based framework used by the United Nations Secretariat in its proposed programme budget for 2024. The Fund is comprised of the secretariat of the Board, the Pension Administration and the Office of Investment Management.

7. The secretariat of the Board provides conference management and technical support to the Board and its subsidiary bodies.

8. The objective of the Pension Administration's programme of work is to administer the provision of retirement, death, disability and related benefits for the staff members of the United Nations and the other organizations admitted to membership in the Fund.

Note: The following abbreviations are used in the tables and figures: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), General Service (Principal level); LL, Local level; N/A, not applicable.

9. The Office of Investment Management invests the assets to ensure that the Fund can discharge its obligations in full by ensuring that the assets of the Fund are managed prudently and optimally and that it can achieve its long-term investment return objective so as to ensure the financial sustainability of the Fund.

B. Proposed post and non-post resource requirements for 2024

10. The total resource requirements for 2024 amount to $139.3 million before recosting, representing an increase of $13.0 million, or 10.3 per cent, compared with the approved budget for 2023, as shown in table 1. The proposed resource level provides for the full, efficient and effective implementation of mandates.

11. The resource requirements for 2024 are presented at the same price levels, exchange rates and vacancy rates as the approved budget for 2023 for comparability. The budget proposal also includes the impact of recosting of the resources for 2024. Recosting is the process through which adjustments in the level of the budget are made to preserve its purchasing power.

12. The Fund follows the same recosting methodology as the United Nations Secretariat, incorporating adjustments to the budget resulting from variations in four parameters: (a) currency exchange rates; (b) inflation rates; (c) standard staff costs; and (d) vacancy rates.

13. The following assumptions have been made with respect to estimates of the recosting impact of the budget:

(a) Delayed recruitment factors (vacancy rates) have been applied for posts as follows:

(i) Vacancy rates for continuing posts:

a. Secretariat of the Pension Board: Professional posts (3.3 per cent) and General Service posts (7.9 per cent);

b. Pension Administration: Professional posts (6.1 per cent) and General Service posts (10.1 per cent);

c. Office of Investment Management: Professional posts (14.7 per cent) and General Service posts (7.9 per cent);

d. Audit: Professional posts (3.3 per cent) and General Service posts (7.9 per cent);

(ii) Vacancy rate for new posts: a vacancy rate of 50 per cent is applied to all new posts regardless of the office, in line with the established practice;

(b) Projected annual rates of inflation of -0.1 per cent for New York; 2.4 per cent for Geneva; 9.4 per cent for Nairobi; and -0.3 per cent for Bangkok;

(c) Exchange rates of one United States dollar to 0.896 Swiss francs, 135.7 Kenya shillings and 34.58 Thai baht.

14. The projected inflation, represented by the consumer price index, takes into consideration the projected inflation for 2023 and 2024 as of May 2023 as provided by *The Economist*. The inflation projections assumed in the 2023 budget of 6.6 per cent for New York, 1.8 per cent for Geneva, 3.4 per cent for Nairobi and 4.0 per cent for Bangkok have been revised to reflect the most recent inflation projections of 4.2 per cent, 2.2 per cent, 6.9 per cent and 2.5 per cent, respectively.

15. The most recent inflation projections for 2024 as of May 2023, as provided by *The Economist*, are 2.2 per cent for New York, 2.0 per cent for Geneva, 5.8 per cent

for Nairobi and 4.0 per cent for Bangkok, resulting in an adjusted inflation projection assumed for the 2024 budget of -0.1 percent, 2.4 per cent, 9.4 per cent and -0.3 per cent, respectively, as noted in paragraph 13 (b) above.

16. The impact of recosting is presented under the "Recosting" column in table 1.

Table 1
Evolution of financial resources by office
(Thousands of United States dollars)

	2022 expenditure	*2023 appropriation*	*Changes*					*2024 estimate (before recosting)*	*Recosting*	*2024 estimate (after recosting)*
			Technical adjustments	*New initiatives*	*Other*	*Total*	*Percentage*			
Secretariat of the Pension Board	1 061.6	1 254.8	–	–	88.2	88.2	7.0	1 343.0	44.2	1 387.2
Pension Administration	62 448.3	66 179.1	790.7	3 312.7	452.3	4 555.7	6.9	70 734.8	325.3	71 060.1
Secretariat of the Pension Fund	54 144.1	57 472.0	790.7	3 312.7	507.4	4 610.8	8.0	62 082.8	554.2	62 637.0
United Nations Staff Pension Committee services, payment from the United Nations Secretariat[a]	8 304.2	8 707.1	–	–	(55.1)	(55.1)	(0.6)	8 652.0	(228.9)	8 423.1
Office of Investment Management	47 294.7	56 649.8	336.8	–	8 012.1	8 348.9	14.7	64 998.7	885.0	65 883.7
Audit	2 117.2	2 199.7	–	–	12.3	12.3	0.6	2 212.0	42.1	2 254.1
Total	**112 921.8**	**126 283.4**	**1 127.5**	**3 312.7**	**8 564.9**	**13 005.1**	**10.3**	**139 288.5**	**1 296.6**	**140 585.1**

[a] Payment from the United Nations relates to the United Nations Staff Pension Committee services provided by the Pension Fund.

C. Emergency Fund

17. The General Assembly, in paragraph 40 of its resolution 77/258, authorized the Board to supplement the voluntary contributions to the Emergency Fund for 2023 by an amount not to exceed $112,500. The Fund is requesting the same level of funding for 2024, by an amount not to exceed $112,500.

D. Action to be taken by the General Assembly

18. The Pension Board recommends that the General Assembly approve the estimates for 2024 amounting to $140,585,100, comprising:

(a) Secretariat of the Board ($1,387,200);

(b) Pension Administration ($71,060,100);

(c) Office of Investment Management ($65,883,700);

(d) Audit ($2,254,100).

19. Of this amount, $8,423,100 would be chargeable directly to the United Nations for the services related to the secretariat of the United Nations Staff Pension Committee.

II. Secretariat of the Pension Board

A. Proposed programme plan for 2024 and programme performance in 2022

Overall orientation

Mandates and background

20. The Pension Board is a subsidiary organ of the General Assembly and reports annually to the Assembly. The Board is the main oversight and decision-making body of the Pension Fund. The Board has the ultimate responsibility for the administration of the Fund and protects the best interests of Fund participants and beneficiaries by setting strategic goals and policies and by providing general oversight and monitoring. The Board reports to the Assembly on strategic questions and policy matters regarding the management of the Fund, the Fund's budget, plan design and its long-term financial situation.

21. In its resolutions 73/274 and 74/263, the General Assembly decided to create the function of the Secretary of the Board to lead an independent secretariat of the Board. In its resolution 74/263, the Assembly stressed that the Secretary of the Board was to be fully independent of the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, and decided that the Secretary should report directly to the Board, while being provided with administrative support by the Pension Administration and the Office of Investment Management, as necessary.

22. Following recent decisions by the General Assembly (including the external review of the governance of the Board requested in resolution 74/263) and the governance reform package agreed at the sixty-ninth session of the Board, in July 2021, which was endorsed by the Assembly in its resolution 76/246, the secretariat of the Board has seen an increase in activities and mandates related to the governance of the Board, including on issues related to its size and composition, frequency of meetings, working methods, decision-making and effectiveness of the Board, as well as the further development and implementation of an ethics framework and self-evaluation of the Board. Overall, the secretariat of the Board has received a broad mandate to contribute to the professionalization of the working of the Board, its committees and working groups.

Objective

23. The main objective of the Secretary of the Board is to provide technical support services to the Board and assist and advise the Chair of the Board in all aspects related to the work of the Board, its committees and working groups, as well as the relationship of the Board with the General Assembly as a subsidiary organ. The Secretary of the Board is supported by a small secretariat that is responsible for the daily management of the Board and its various subcommittees, providing substantive and procedural input and advice, as well as logistical support and the full range of conference management services.

24. Another main objective for 2024 is the continued implementation of the governance reform agenda mandated by the Board and the General Assembly. The objective of the secretariat of the Board is to support a more effective Board by ensuring high-quality services and support for the governance review that will include proposals on the size and composition of the Board, frequency of meetings and overall efficiencies.

Strategy and external factors for 2024

25. In 2024, the secretariat of the Board will continue to focus on improving the professionalization of the Board and implementing a strengthened annual workplan for the Board, based on the mandates given by the Board and the General Assembly with regard to improving the governance and overall effectiveness of the Board, thereby maintaining the highest standards of efficiency in terms of substantive and technical support to the Chair, the Board and all its committees and working groups.

Programme performance in 2022

26. Despite the continued impact of the coronavirus disease (COVID-19) pandemic in 2022, the secretariat of the Board effectively fulfilled its mandate. The Board and its committees successfully conducted in-person meetings, as originally planned, while conducting virtual meetings, whenever feasible, by leveraging technology and incorporating lessons learned from organizing virtual sessions in 2020 and 2021. A survey conducted among Board members found that the virtual experience of the July 2020 and 2021 sessions of the Board was satisfactory and that the meetings were held and organized professionally. The most significant accomplishment of 2022 was the implementation of the governance reform plan by the Board, which was acknowledged by the General Assembly in its resolution 76/246.

Impact of the pandemic

27. As travel restrictions were relaxed, the prior experience with virtual meetings allowed the Board to improve its governance through an agreement on more frequent meetings and reduced attendance at in-person meetings starting in 2022. At the same time, some committees were able to hold shorter meetings more frequently, which allowed them to better monitor the areas under their mandate.

Planned results for 2024

Improved support services provided to the Board and the Chair

28. The secretariat of the Board will continue to apply more effective planning, development, management and coordination and improved delivery of a full range of conference management, substantive and technical support services to the Board and its subsidiary bodies and committees. The secretariat will focus on ensuring quality, timeliness, cost-effectiveness, sustainability and accessibility in the services provided through client orientation, innovation and partnerships.

29. The secretariat of the Board will direct the preparation of the reports of the Board, its subcommittees and working groups under the general guidance of the Chair, the Rapporteur of the Board and the Chairs of the committees. The secretariat will assist the Chair in the presentation of the report of the Board to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee.

Table 2
Performance measure

	2022 (planned)	*2022 (actual)*	*2023 (planned)*	*2024 (planned)*
Improved positive survey results on secretariat support services, organization of meetings and technical support provided	60 per cent positive survey results planned	61.5 per cent positive survey results	70 per cent positive survey results planned	75 per cent positive survey results planned

Improved functioning of the Board through mandated governance reform

30. The secretariat of the Board will effectively implement the governance reforms mandated by the Board and the General Assembly aimed at professionalizing the Board.

31. The secretariat of the Board will work closely together with Board members, staff pension committee secretaries and the staff of the Fund to ensure effective communication, optimize working methods and capacity utilization and improve the experience of participants in the meetings serviced by the secretariat of the Board, as evidenced by the responses to the survey of Board/committee members.

Table 3
Performance measure

	2022 (planned)	*2022 (actual)*	*2023 (planned)*	*2024 (planned)*
Improved positive survey results on overall improved effectiveness, quality of communication, improved experience of participants and optimized working methods	60 per cent positive survey results planned	67.3 per cent positive survey results	70 per cent positive survey results planned	70 per cent positive survey results planned

32. Information on compliance with regard to the timely submission of documentation and advance booking for air travel is reflected in table 4. In 2022, 11 of the 35 trips undertaken did not meet the compliance requirements, owing primarily to logistical issues stemming from changes in the dates of planned meetings and the setting up of traveller information and banking details in Umoja for travellers whose details were not already in Umoja. The secretariat of the Board will continue its efforts to remind travellers of the compliance requirements and reinforce mandatory justification for non-compliance.

Table 4
Compliance rate
(Percentage)

	Actual 2020	*Actual 2021*	*Actual 2022*	*Planned 2023*	*Planned 2024*
Air tickets purchased at least two weeks before the commencement of travel	N/A[a]	N/A[a]	69	100	100

[a] No travel was undertaken in 2020 and 2021 owing to COVID-19 travel restrictions.

B. Proposed post and non-post resource requirements for 2024

Overview

33. The proposed resources provide for the continuation of the mandate of the secretariat of the Board, as well as for the implementation of the mandates from the General Assembly relating to the governance reforms and professionalization of the Board.

34. As reflected in table 5, the proposed resources for 2024 amount to $1,343,000 before recosting, reflecting a net increase of $88,200, or 7.0 per cent, compared with the appropriation for 2023 and would provide for the administrative expenses of the secretariat of the Board and the Board, including the travel of the Chair to attend the meetings of the Fifth Committee and the travel of representatives of the Board's advisory committees and of FAFICS to Board meetings.

Table 5
Overall: evolution of financial and post resources by object of expenditure (Secretariat of the Pension Board)
(Thousands of United States dollars)

			Changes							
Object of expenditure	*2022 expenditure*	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*	*Recosting*	*2024 estimate (after recosting*
Posts	654.1	631.0	–	–	–	–	–	631.0	40.4	671.4
Other staff costs	11.1	48.1	–	–	0.1	0.1	0.2	48.2	3.8	52.0
Consultants	1.8	–	–	–	–	–	–	–	–	–
Travel of representatives	194.3	288.6	–	–	96.7	96.7	33.5	385.3	–	385.3
Travel of staff	36.4	27.8	–	–	1.8	1.8	6.5	29.6	–	29.6
Contractual services	59.2	85.8	–	–	(5.3)	(5.3)	(6.2)	80.5	–	80.5
General operating expenses	103.2	173.5	–	–	(5.1)	(5.1)	(2.9)	168.4	–	168.4
Furniture and equipment	1.4	–	–	–	–	–	–	–	–	–
Total	**1 061.6**	**1 254.8**	**–**	**–**	**88.2**	**88.2**	**7.0**	**1 343.0**	**44.2**	**1 387.2**

Table 6
Overall: proposed posts and post changes for 2024 (secretariat of the Pension Board)

	Number	Details
Approved for 2023	3	1 D-1 1 P-5, 1 GS (OL)
Proposed for 2024	3	1 D-2, 1 P-5, 1 GS (OL)

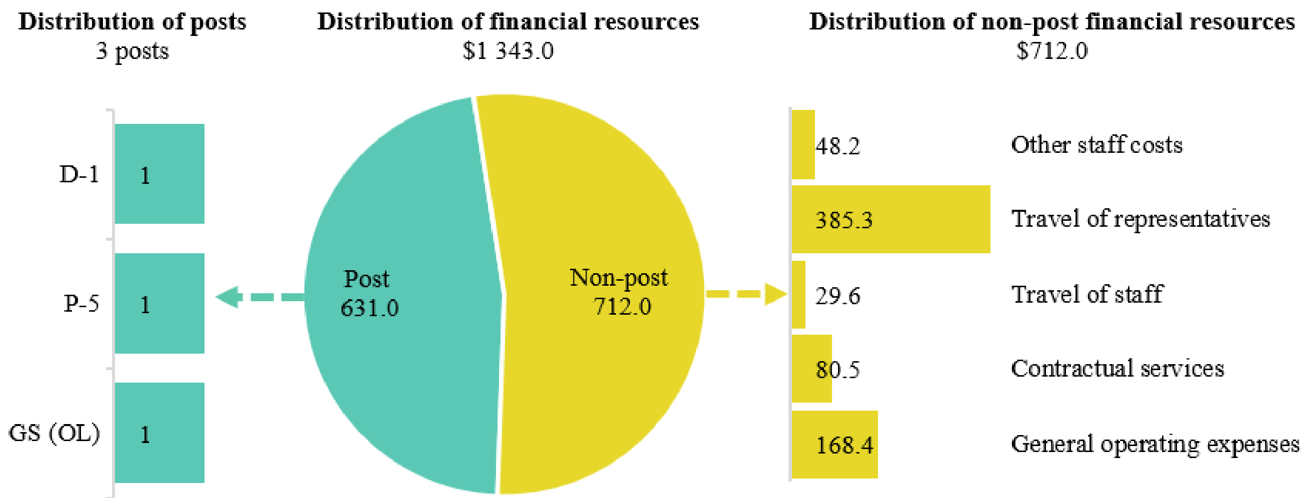
Table 7
Overall: proposed posts by category and grade (secretariat of the Pension Board)
(Number of posts)

	2023 approved	*Changes*	*2024 proposed*
Professional and higher			
D-1	1	–	1
P-5	1	–	1
Subtotal	**2**	**–**	**2**
General Service and related			
GS (OL)	1	–	1
Subtotal	**1**	**–**	**1**
Total	**3**	**–**	**3**

Table 8
Evolution of financial and post resources (secretariat of the Pension Board)
(Thousands of United States dollars/number of posts)

	2022 expenditure	*2023 appropriation*	*Changes*					*2024 estimate (before recosting)*
			Technical adjustments	*New initiatives*	*Other*	*Total*	*Percentage*	
Financial resources by main category of expenditure								
Post	654.1	631.0	–	–	–	–	–	631.0
Non-post	407.5	623.8	–	–	88.2	88.2	14.1	712.0
Total	**1 061.6**	**1 254.8**	**–**	**–**	**88.2**	**88.2**	**7.0**	**1 343.0**
Post resources by category								
Professional and higher		2	–	–	–	–	–	2
General Service and related		1	–	–	–	–	–	1
Total		**3**	**–**	**–**	**–**	**–**	**–**	**3**

Figure I
Distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



Explanation of variances by factor

Other changes

35. Resource changes reflect a net increase of $88,200, as follows:

(a) A net increase of $96,700 under travel of representatives, owing to higher daily subsistence allowance costs, due primarily to an increase in the number of in-person meeting days (maximum of 5 days) for all committees of the Board ($44,900), changes in the composition of members of the committees ($24,400), the provision for travel to an in-person meeting of the Succession Planning and Evaluation Committee ($53,500), the provision for travel of the Chairs of the Investment Committee and Committee of Actuaries to attend the annual in-person Board meeting ($13,800) and the provision for travel to an in-person meeting of the Governance Review Group Committee ($53,500), offset in part by the decrease in the number of in-person meetings from two to one per year for the Fund Solvency and Assets and Liabilities Monitoring Committee and the Audit Committee ($86,100) and the decrease in the provision for travel of FAFICS members attending the in-person Board meeting from four persons to two ($7,300);

(b) A net increase of $1,800 under travel of staff, owing mainly to changes in the standard ticket prices, offset in part by a decrease in the rates for daily subsistence allowance;

(c) An increase of $100 under other staff costs for overtime;

(d) A decrease of $5,300 under contractual services, owing to lower estimates for Pension Board training on governance and actuarial support to the Fund Solvency and Assets Liabilities Monitoring Committee and the Plan Review Group, taking into account past expenditure pattern;

(e) A decrease of $5,100 under general operating expenses resulting from lower estimates for conference services for the annual Pension Board meeting.

III. Pension Administration

Foreword

During 2022, the Pension Administration continued to deliver on the promise of the 2021–2023 CARE strategy and to meet the challenges of the geopolitical environment and the higher-than-usual growth of its client population.

As the 2021–2023 CARE strategy comes to a close, the next iteration, the CARE strategy for 2024 and beyond, has been created to meet the needs of our clients and set the direction of the Pension Administration. The new strategy continues with the key themes and pillars of the 2021–2023 strategy and incorporates more actionable objectives and key performance indicators. The strategy is aligned to the incremental upgrade of the Pension Administration's ageing systems, which is a key activity to be undertaken from 2024 through to 2030.

In its budget for 2024, the Pension Administration seeks to obtain a higher level of budget accuracy, as requested by the General Assembly. It also provides a clear distinction between resources required to maintain the core mandate of the Pension Administration and project-related temporary resources. In 2024, the Pension Administration will implement and integrate the new customer relationship management system, while also cleansing historical data. To be successful, these activities will require short-term additional support and resources. Their success will assist the Pension Administration in further improving client service delivery.

The budget proposal for 2024 amounts to $70.7 million (before recosting), a $4.6 million, or 6.9 per cent, increase compared with the 2023 budget, for core activities and project resources. The $4.6 million increase can be broadly broken down into a $0.5 million increase for ongoing activities, $0.8 million for technical adjustments and $3.3 million for short-term projects.

Core activities

In 2022, the number of participants in the Fund grew by 4.6 per cent, a significantly greater increase than in previous years. Growth was 2 per cent between 2020 and 2021 and 2.3 per cent between 2019 and 2020. The number of benefits in payment grew by 2 per cent last year, which is in line with the previous years. Overall, the Fund served 143,612 participants and had 83,988 benefits in payment as at 31 December 2022.

The growth in resources for ongoing activities is modest, at $0.5 million, despite the increase in the volume of work resulting from the growing number of participants and beneficiaries. The minor increase is due to efforts made to manage the additional workload using existing resources to the extent possible.

Project resources

The 2024 budget proposal includes temporary resources of $3.3 million to provide for a series of technological upgrade initiatives directly related to the Fund's modernization efforts, including: (a) the deployment of the new customer relationship management system and its integration with the integrated pension administration system; (b) initial steps for the upgrade of the Fund's financial system; (c) the implementation of the second phase of the Kofax project, which would entail the implementation of an optical character recognition extraction functionality and benefit election on forms; and (d) a significant data cleansing undertaking in preparation for the future upgrade of the current pension administration system.

Performance

The Pension Administration has successfully improved systems and processes while building stronger partnerships and a better internal culture. More than 93 per cent of initial separation cases are processed within 15 days. Pension payrolls have continued to be issued on time, while some payments had to be rerouted as traditional banking channels were disrupted owing to geopolitical issues and challenges.

Overall, operational performance and client service delivery have improved through the implementation of the 2021–2023 CARE strategy across the three core objectives to simplify the client experience, modernize pension services and develop stronger global partnerships. Multiple improvements were delivered, such as the digital certificate of entitlement, new local payment channels, a new website, 11 e-learning modules, data interfaces with member organizations, robotic processing and greater engagement with all stakeholders.

The proposed 2024 budget will allow the Fund to continue its much-needed modernization, while continuing to improve services to its clients and partners and implementing the strategic vision beyond 2024.

(*Signed*) Rosemarie **McClean**
Chief Executive of Pension Administration
United Nations Joint Staff Pension Fund

A. Proposed programme plan for 2024 and programme performance in 2022

Overall orientation

Mandates and background

36. The legislative mandate of the Pension Fund is derived from General Assembly resolution 248 (III), in which the Assembly approved the Regulations of the Fund, as well as subsequent Assembly resolutions and Pension Board decisions.

37. As reflected in figure II, the Pension Administration, in conjunction with the staff pension committee and its secretariat in each member organization, is responsible for the day-to-day operations of the Fund. This includes:

(a) Contribution management (collecting and updating participant information and contributions necessary for retirement);

(b) Entitlement processing (defining eligibility for various benefits and communicating with staff/participants about their options);

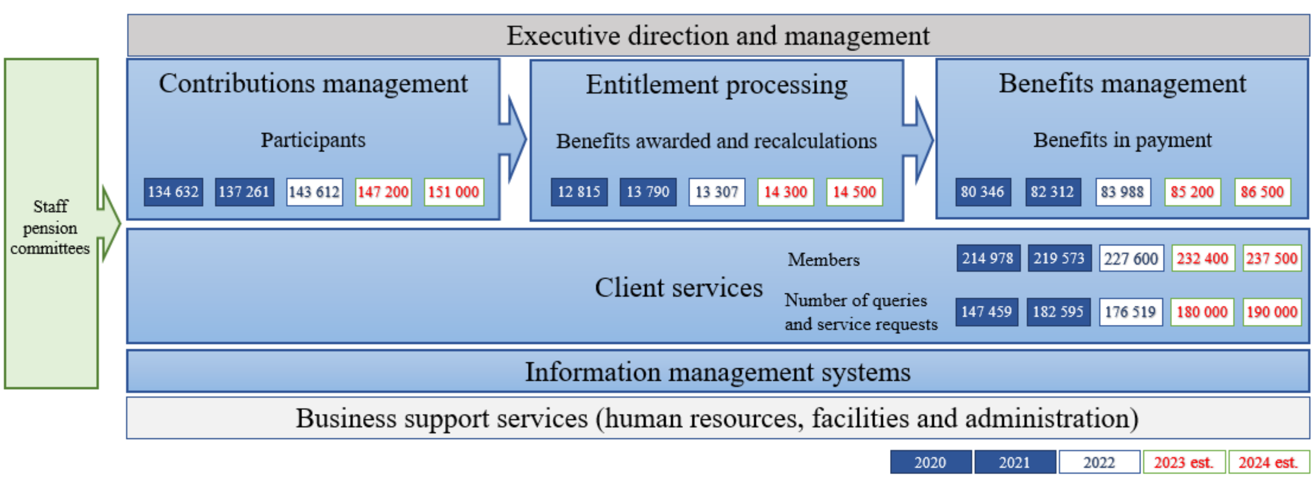
(c) Benefits management (paying retirement and disability benefits, processing cost-of-living adjustments and processing child and survivor benefits);

(d) Providing client services to all participants, retirees and other beneficiaries.

38. The Pension Administration provides secretariat services to the United Nations Staff Pension Committee. These services are funded directly through the budget of the United Nations.

39. In addition, the Pension Administration develops the strategy and policies for the administration of the Fund, assesses the risks to which the Fund is exposed by virtue of its plan design and operations and ensures that the Fund complies with its Regulations, Rules and Pension Adjustment System. It is also responsible for human resources and facilities management.

Figure II
Functions and workload drivers of the Pension Administration

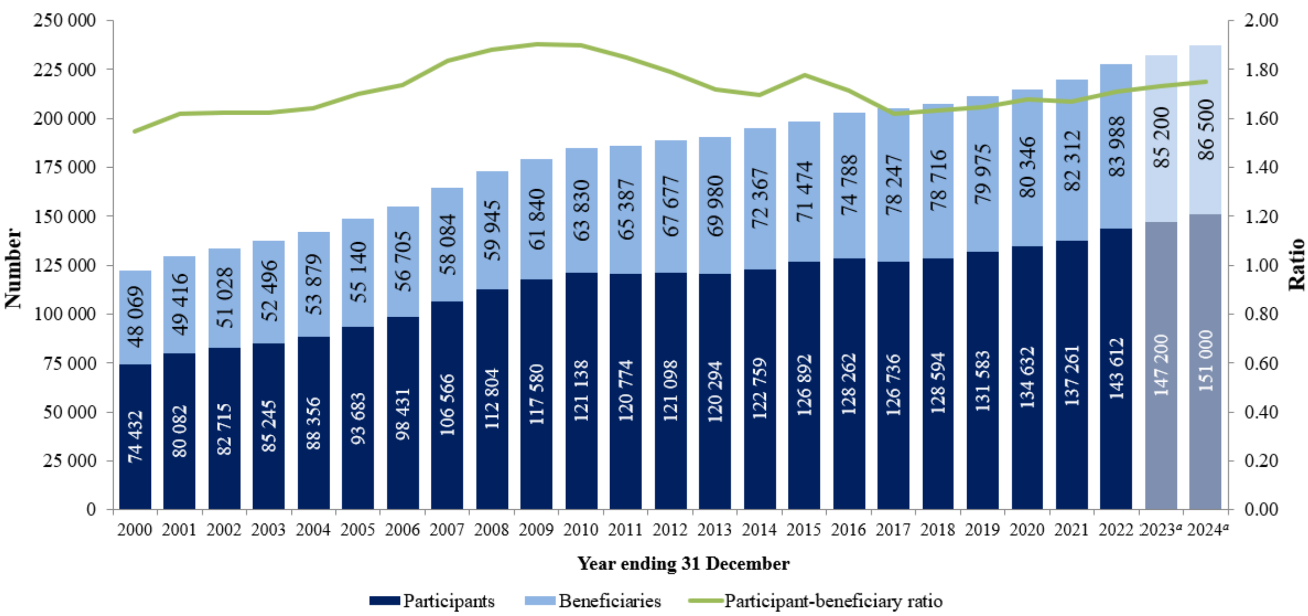


Workload drivers

Number of participants and beneficiaries

40. The Fund continues to experience a high rate of growth in the number of participants, retirees and other beneficiaries. Over the past five years, the number of participants has grown at an average annual rate of approximately 2.5 per cent, while the number of beneficiaries has grown at an average annual rate of approximately 1.4 per cent. During 2022, the number of participants grew by 4.6 per cent and the number of benefits in payment by 2.0 per cent. Figure III reflects the overall growth since 2000 of the population the Fund serves. Given that retirees (who are living longer now) and other beneficiaries require more administrative resources than participants, the overall workload of the Pension Administration continues to increase in that regard.

Figure III
Growth in the number of Fund participants, retirees and beneficiaries at the end of each year



[a] Projected.

41. Figures IV and V show the changes in participants and beneficiaries, respectively, over the past five years. Since 2018, the number of new participants joining the Fund has exceeded the number of participants becoming beneficiaries or leaving the Fund altogether, as shown in figure IV. Over the same period, the number of new beneficiaries exceeded the number of beneficiaries discontinuing, as shown in figure V.

Figure IV
Changes in participants of the Fund, 2018–2022

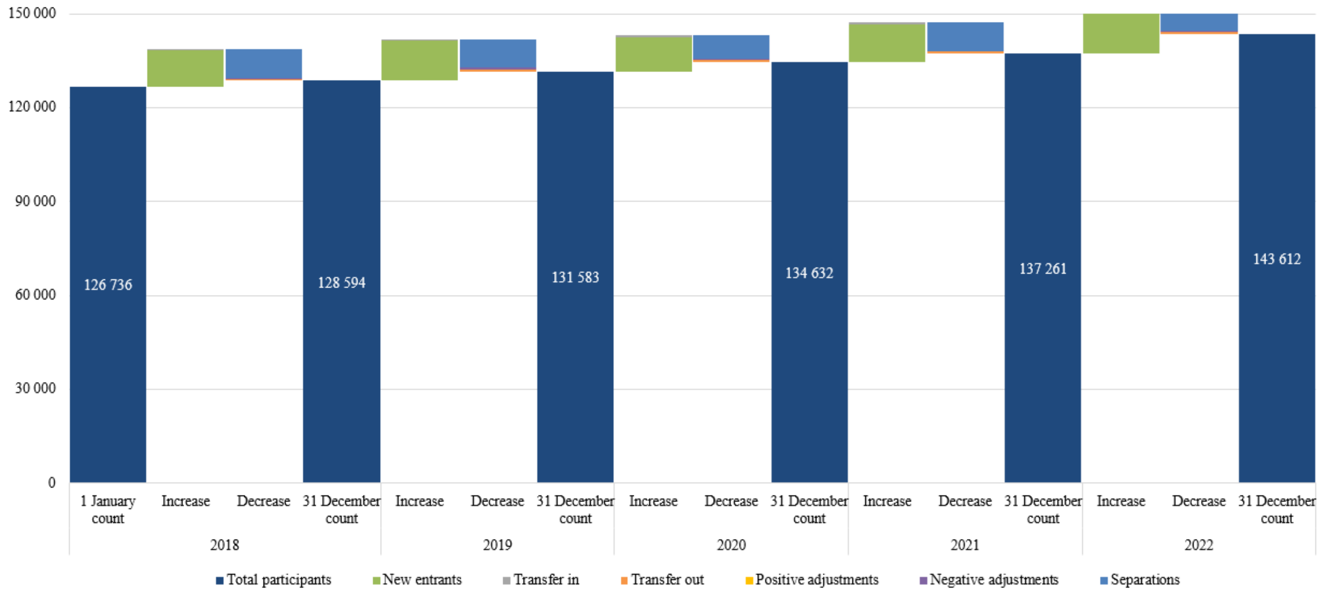
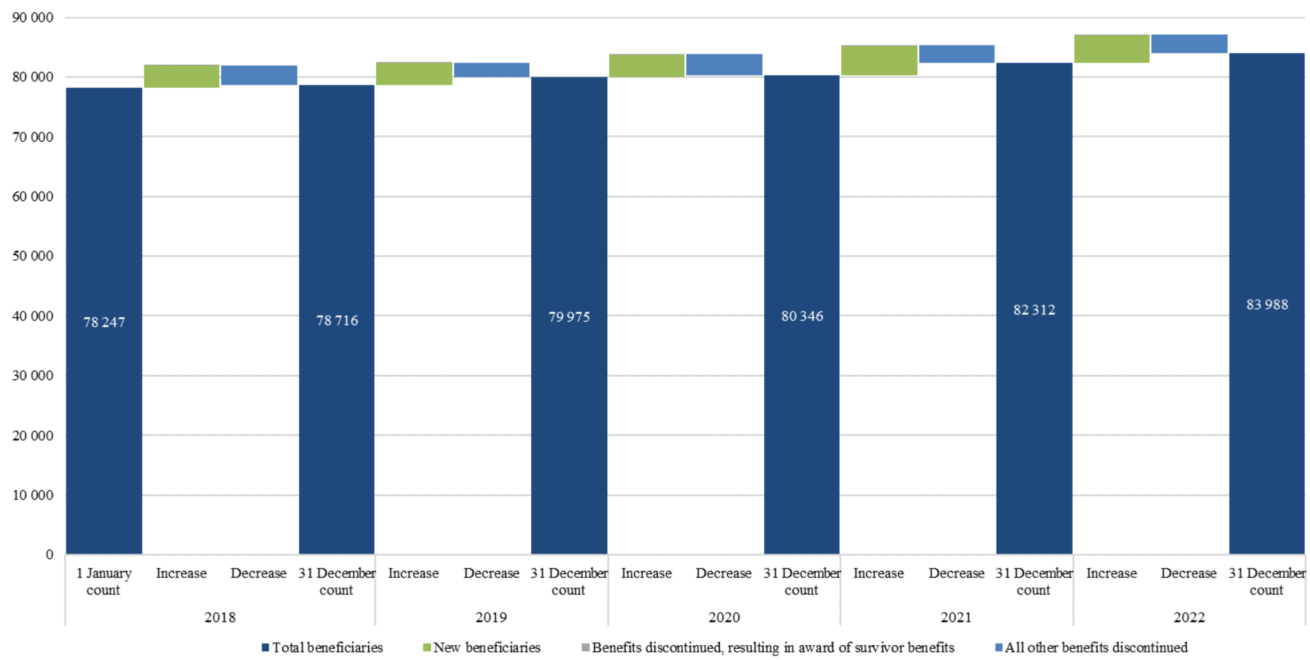
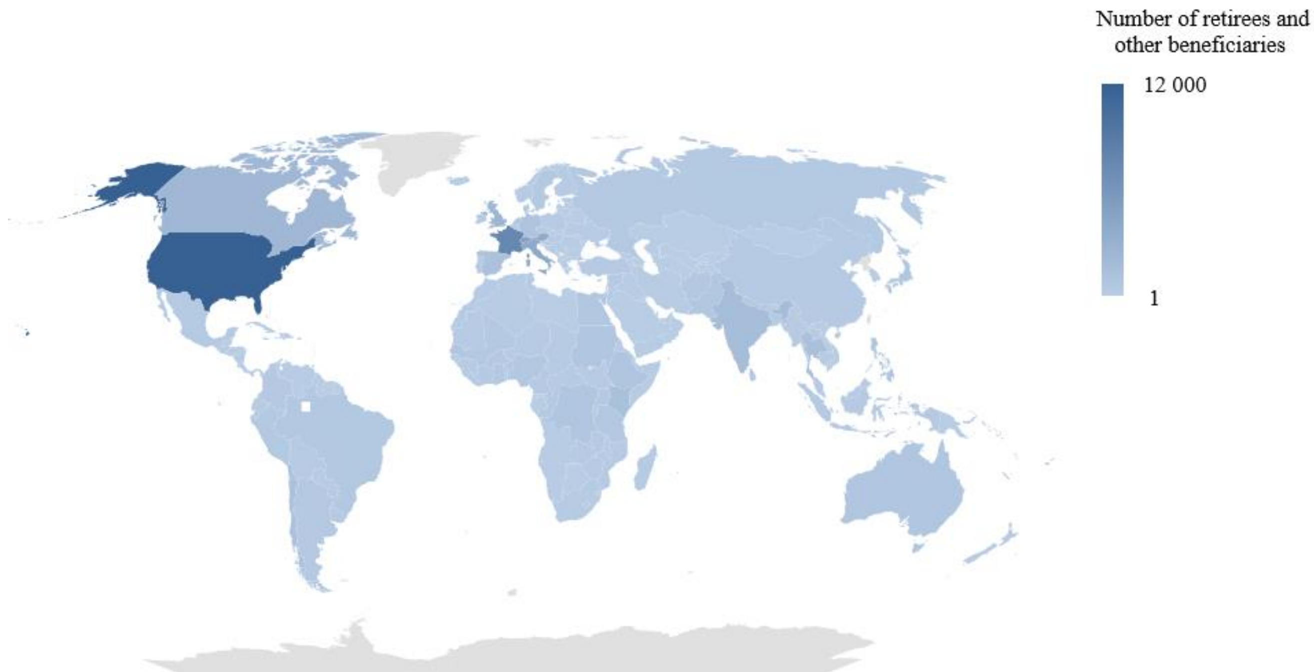


Figure V
Changes in beneficiaries of the Fund, 2018–2022



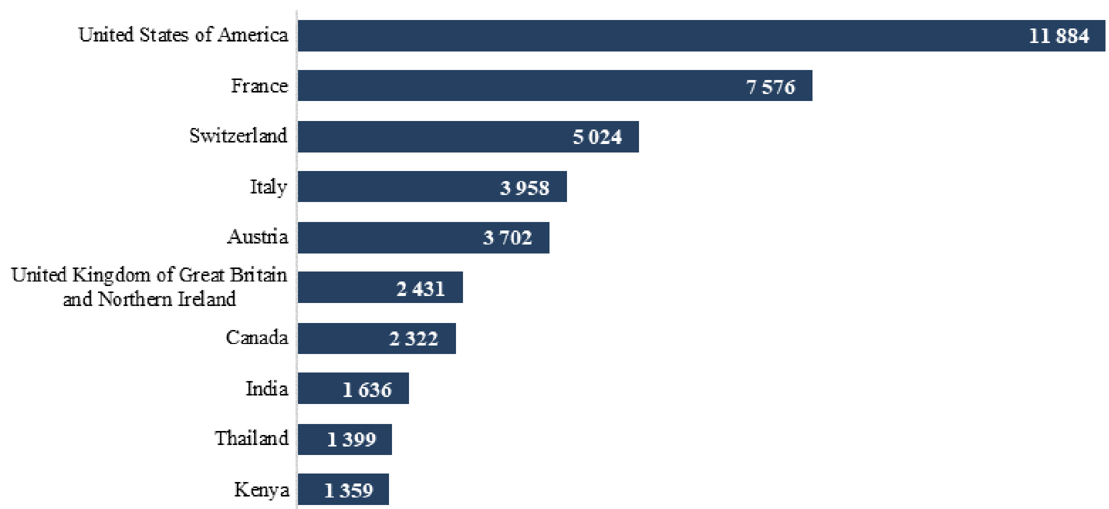
42. The Fund's distribution of retirees and other beneficiaries across the world is unique among defined benefit plans. The geographical dispersion of participants adds to the complexity of the Fund's operations, requiring greater global reach. Periodic benefits are paid in 17 currencies worldwide in more than 190 countries and territories, including countries with limited banking infrastructure. Figure VI shows the Fund's global service coverage for retirees.

Figure VI
Geographical dispersion of periodic benefits as at 31 December 2022



43. Figure VII shows that, at the end of 2022, approximately half of all beneficiaries had mailing addresses concentrated in 10 countries, with the remaining participants having mailing addresses dispersed across more than 180 countries and territories, which not only contributes to increased costs of administration, but also diminishes the potential for economies of scale in transaction costs.

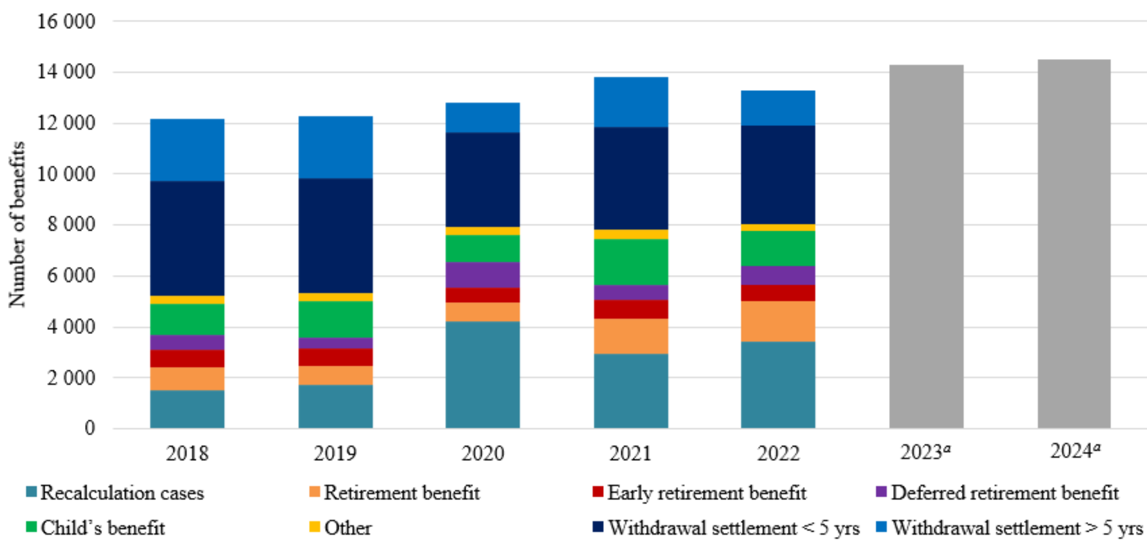
Figure VII
Concentration of beneficiaries by mailing address as at 31 December 2022



Number of separations

44. Whereas the number of participants and beneficiaries follows a relatively stable and predictable pattern year after year, the number of separations of participants is more volatile. Although the separation of long-term staff largely correlates with the mandatory age of separation in the Fund's member organizations, the separation of short-term staff is influenced primarily by member organizations' human resources strategies, business requirements and budget availability. The increase in the mandatory age of separation from age 62 to 65, as decided by the General Assembly in its resolution 70/224 in 2016, continues to affect the number of separations. Furthermore, decisions of member organizations, such as the closing of peacekeeping missions or the downsizing of staff, affect the number of separations and initial entitlement claims for any given year. These factors are considered in estimating workload drivers. The Pension Administration strives to award initial entitlement benefits as soon as all required documentation is received. Figure VIII shows the number of benefits awarded in a given year.

Figure VIII
Number of benefits awarded



[a] Projected.

45. As shown in figure VIII, withdrawal settlements, especially those related to contributory service of fewer than five years, constitute the largest portion of all benefits awarded. In 2020, the number of benefits awarded decreased owing to the impact of the COVID-19 pandemic and the change in the mandatory age of separation from 62 to 65, which caused a slowdown in separations. This slowdown, however, reversed in 2021 and may not revert to the 2020 level in the foreseeable future.

Number of post-separation recalculations

46. The Fund takes care of its participants from the time they join the Fund until death, and thereafter their survivors, if any. There are several types of post-separation recalculations that the Fund undertakes, including survivor benefits following the death of the retiree, two-track calculations, deferred retirement benefits coming into payment and child's benefit coming into payment. Since the beginning of 2023, the Fund has expanded the coverage of the 15-day benchmark to include these key recalculation cases.

Number of client service requests

47. Serving clients involves many activities, including informing participants, retirees and beneficiaries of their rights and options, responding to queries and processing cases (workflows) relating to participation, separation, retirement, payment of and continued entitlement to benefits, the pension adjustment system, emergency fund requests and other pension-related processes. The number of client service requests submitted to the Fund is influenced primarily by the number of beneficiaries and participants, changes in the client base (e.g., admissions of new member organizations), procedural changes in the administration of benefits (e.g., the introduction of the digital certificate of entitlement), the number of separations or retirements, and outreach activities to participants and beneficiaries.

Strategy for 2024

48. For 2024, the Fund will continue to deliver its core functions and implement the next phase of the CARE strategy, to be presented to the Pension Board at its July 2023 session. The strategy has three pillars:

(a) Improve client experience: this pillar will ensure client satisfaction through improved services, simplified interactions and clear communication with participants and beneficiaries;

(b) Modernize pension services: this pillar will focus on operational excellence and transformation as part of the Fund’s work culture through people, processes and technology;

(c) Strengthen relationships with all stakeholders: this pillar will promote trust and collaboration between the Fund and member organizations, and with all stakeholders to maintain confidence in the Fund.

49. In 2024, the Fund will further improve services to clients and the overall client experience by deploying the new customer relationship management system. Security of access to the Fund’s portals will be improved with the multi-factor authentication project, which will allow for the implementation of the digital capture of pension forms in the member self-service portal. The Pension Administration will also complete the migration of its systems to the cloud, which is expected to improve both the security of data and the speed of access and lower storage costs. The architecture of the new core pension administration systems will be defined, and, in preparation for future systems upgrades and migrations, a major data cleansing exercise will be implemented. The Fund will continue to develop its data governance framework, strengthen cybersecurity and continuously improve its processes, with a view to reducing the time from separation to pension payment.

External factors

50. The overall plan for 2024 is based on the following assumptions:

(a) The client population served by the Fund continues to grow and live longer and is increasingly geographically dispersed. This trend is beyond the control of the Fund;

(b) Transactional volumes are not significantly above expectations;

(c) Participants and member organizations provide timely information and documents/data to the Fund;

(d) There are no significant changes in the Fund’s operating environment (e.g., changes to available human and financial resources, significant modifications to plan design provisions or serious political conflicts, natural disasters or pandemics).

Evaluation activities

51. The following evaluations, completed in 2022, have guided the programme plan for 2024:

(a) OIOS audit of procurement and contract management in the Pension Administration;

(b) OIOS audit of the integrated pension administration system's member self-service and employer self-service modules in the United Nations Joint Staff Pension Fund;

(c) OIOS audit of cybersecurity preparedness in the Pension Administration;

(d) Report of the Board of Auditors on the financial statements of the Fund for the year ended 31 December 2021 (A/77/5/Add.16).

52. A review of key performance indicators was undertaken in 2021 and 2022.

Programme of work

Objectives

53. The objectives of the Pension Administration are to:

(a) Collect and update participant information and contributions to the Fund;

(b) Process entitlements, including the definition of eligibility to the benefits provided by the Fund;

(c) Manage benefits (including payment of retirement and disability benefits), adjust pensions on the basis of the regulatory cost of living, and verify entitlements;

(d) Provide client services to all participants, retirees and other beneficiaries, including communication with staff/participants about their options, and respond to their queries.

Impact of the pandemic

54. While the Fund continued to operate under the economic uncertainties brought about by the COVID-19 pandemic, measures taken by the United Nations in line with the guidance of local authorities to mitigate the spread and impact of the pandemic were largely relaxed in 2022, as the spread of the pandemic slowed down. Travel restrictions that had been in place since the outbreak of the pandemic were lifted in most jurisdictions around the world. The Board was able to hold its annual meeting in person after a two-year hiatus. In addition, managers of the Fund were able to meet with the staff pension committees of member organizations, and in-person visits by plan participants, which had been suspended since March 2020, resumed in the second half of 2022.

Programme performance in 2022 and planned results for 2024

55. The programme performance in 2022 and the planned results for 2024 are measured for each of the core objectives of the Pension Administration.

Contribution management (collecting and updating participant information and contributions paid)

Reconciling of contributions received

56. Managing the contributions of participants and member organizations allows the Fund to accurately calculate entitlements and process pensions. This is a core financial function that is fulfilled through the regular exchange of data with member organizations throughout the year and an annual reconciliation exercise between December and March. The volume of work involved in reconciling contributions and participant accounts grows with the number of participants.

Table 9
Performance measures

	2020 (actual)	*2021 (actual)*	*2022 (actual)*	*2023 (estimated)*	*2024 (estimated)*
Number of participants	134 632	137 261	143 612	147 200	151 000
Value of contributions (billions of United States dollars)	2.9	3.0	3.1	3.2	3.4
Percentage of contributions reconciled	**100**	**100**	**100**	**100**	**100**

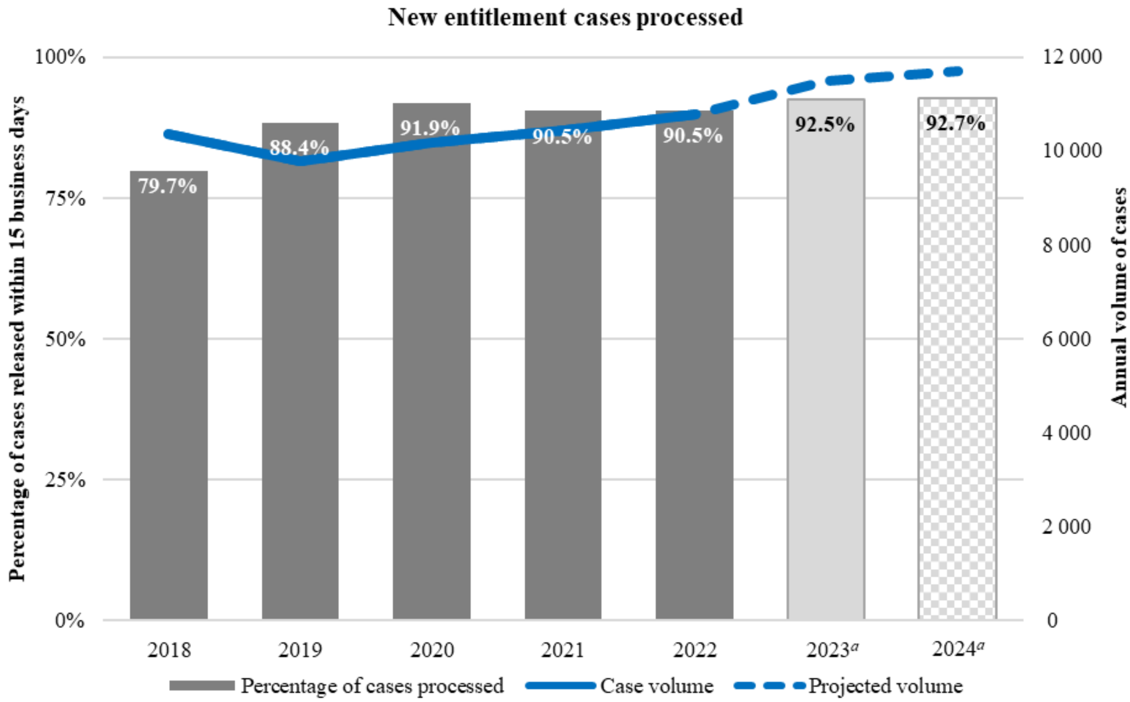
Number of entitlements processed within 15 days

Meeting the benefits processing benchmark

57. The Fund’s strategic planning documents for the previous years specified the target for benefits processing. The benchmark was set at 75 per cent of benefits being processed within 15 business days of receipt of all the required separation documents. The benchmark is applied to initial benefit types and, in 2023, it was extended to include certain post-retirement benefits. The benchmark methodology was changed in July 2020 following a recommendation of the Board of Auditors. The Board of Auditors recommended a pause and resumption instead of a pause and reset of the benchmark count for those cases requiring additional documentation.

58. The Fund has continued to meet and exceed the benefits processing benchmark, processing over 90 per cent of the initial separations within 15 business days, as indicated in figure IX.

Figure IX
Performance benefits benchmark



[a] Year to date/projected.

59. The Fund is committed to adhering to its prescribed benchmark for benefits processing. However, the correlation between the processing rates and the volume of incoming cases cannot be overlooked. In 2020, the Fund experienced faster processing rates, as the volume of cases was exceptionally low owing to member organizations experiencing fewer separations during the pandemic. The reverse was experienced in 2021, with a return to normal volumes. In 2022, there was a combination of a lower number of separations and the absence of liquidation of peacekeeping missions. While the upcoming retirement cases are predictable, the Fund must be ready to react to any shifts in the workforces of member organizations, such as the liquidation or expansion of missions. Other Fund-specific factors, such as high staff turnover, sick leave and challenges in recruitment, could also affect performance.

Table 10
Performance measures

	2020 (actual)	*2021 (actual)*	*2022 (actual)*	*2023 (planned)*	*2024 (planned)*
Number of benefits awarded	8 591	10 870	9 896	10 800	10 900
Number of recalculations processed	4 224	2 920	3 411	3 500	3 600
Entitlements processed within 15 days (percentage)	91.9	90.5	90.5	92.5	92.7

Benefits management (paying retirement and disability benefits, processing cost-of-living adjustments and processing survivor benefits)

Timely payment of benefits

60. The payment of pensions is the core deliverable of the Fund, whether it be in a lump sum or as a periodic benefit. Payment is made mainly through monthly payrolls. The primary indicator is the accurate issuance of payments on time to retirees and beneficiaries.

Table 11
Performance measures

	2020 (actual)	2021 (actual)	2022 (actual)	2023 (estimated)	2024 (estimated)
Number of benefits in payment	80 346	82 312	83 988	85 200	86 500
Value of benefits paid (billions of United States dollars)	2.9	3.0	3.1	3.3	3.4
Benefit payments issued on time (percentage)	100	100	100	100	100

Providing client services to all participants, retirees and other beneficiaries

Resolving client queries quickly

61. The leading workload indicator for the activities of client services is the number of queries and cases handled. Clients submit their queries through various modes of communication such as email, telephone, online contact form, mail, fax and walk-in visits.

62. The Pension Administration has made improvements to its indicator for resolving client queries, as shown in table 12. This enhanced indicator reflects not only the volume of queries received but also the effectiveness in resolving them, which provides insight into the office's responsiveness to queries within a reasonable time frame.

63. As shown in table 12, in 2022, clients' queries were resolved within 4.0 business days on average, which is a significant improvement compared with 6.5 days in 2021.

Table 12
Performance measures

	2020 (actual)	2021 (actual)	2022 (actual)	2023 (estimated)	2024 (estimated)
Number of participants and beneficiaries	214 978	219 573	227 600	232 400	237 500
Number of client queries received	147 459	182 595	192 012	235 000	245 000
Average resolution time (business days)	5.2	6.5	4.0	3.3	3.3

B. Proposed post and non-post resource requirements for 2024

Overview

64. The overall resources proposed for 2024 amount to $70,734,800 before recosting, reflecting a net increase of $4,555,700 (or 6.9 per cent) compared with the appropriation for 2023. Resource changes result from three factors: (a) technical adjustments ($790,700); (b) new initiatives ($3,212,700); and (c) other changes ($452,300).

65. The proposed resources for 2024, including the breakdown of resource changes, as applicable, are reflected in tables 13 to 18 and figures X and XI.

Table 13
Overall: evolution of financial and post resources by the object of expenditure (Pension Administration)
(Thousands of United States dollars)

			Changes							
Object of expenditure	*2022 expenditure*	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*	*Recosting*	*2024 estimate (after recosting)*
Posts	31 923.1	35 712.2	790.7	–	911.9	1 702.6	4.8	37 414.8	318.2	37 733.0
Other staff costs	3 295.4	3 046.9	–	989.5	(414.2)	575.3	18.9	3 622.2	(25.0)	3 597.2
Hospitality	–	3.4	–	–	1.6	1.6	47.1	5.0	–	5.0
Consultants	68.3	223.0	–	83.3	60.5	143.8	64.5	366.8	1.4	368.2
Travel of staff	249.1	365.4	–	45.9	149.0	194.9	53.3	560.3	7.2	567.5
Contractual services	17 972.9	15 411.7	–	2 194.0	(446.1)	1 747.9	11.3	17 159.6	(11.0)	17 148.6
General operating expenses	8 718.5	10 726.6	–	–	53.7	53.7	0.5	10 780.3	33.2	10 813.5
Supplies and materials	37.8	50.8	–	–	18.5	18.5	36.4	69.3	0.9	70.2
Furniture and equipment	183.2	639.1	–	–	117.4	117.4	18.4	756.5	0.4	756.9
Total	**62 448.3**	**66 179.1**	**790.7**	**3 312.7**	**452.3**	**4 555.7**	**6.9**	**70 734.8**	**325.3**	**71 060.1**

Table 14
Overall: proposed posts and post changes for 2024 (Pension Administration)[a]
(Number of posts)

	Number	*Details*
Approved for 2023	258	1 ASG, 1 D-2, 4 D-1, 14 P-5, 27 P-4, 43 P-3, 1 P-2/1, 13 GS (PL), 152 GS (OL), 2 LL
Redeployment	–	Redeployment of 1 P-3 and 1 GS (OL) from the Contract Management Unit in the Information Management Systems Service under programme of work to the Business Support Section under programme support
Reclassification	–	Upward reclassification of 1 P-4 to P-5, 1 P-3 to P-4, and 1 GS (OL) to GS (PL)
Conversion	2	2 GS (OL)
Establishment	7	1 P-5, 2 P-4, 1 P-3, 1 GS (PL), 2 GS (OL)
Proposed for 2024	**267**	**1 ASG, 1 D-2, 4 D-1, 16 P-5, 29 P-4, 43 P-3, 1 P-2/1, 15 GS (PL), 156 GS (OL), 2 LL**

[a] More information on post changes is provided in annex III.

Table 15
Overall: proposed posts by category and grade (Pension Administration)
(Number of posts)

	2023 approved	*Changes*	*2024 proposed*
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	4	–	4
P-5	14	2	16
P-4	27	2	29
P-3	43	–	43
P-2/1	1	–	1
Subtotal	**91**	**4**	**95**
General Service and related			
GS (PL)	13	2	15
GS (OL)	152	3	155
LL	2	–	2
Subtotal	**167**	**5**	**172**
Total	**258**	**9**	**267**

Table 16
Overall: evolution of financial resources by component (Pension Administration)
(Thousands of United States dollars)

			Changes					
Component	*2022 expenditure*	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*
A. Executive direction and management	2 161.3	2 119.1	–	–	(261.1)	(261.1)	(12.3)	1 858.0
B. Programme of work	50 548.5	53 544.4	748.7	3 312.7	110.5	4 171.9	7.8	57 716.3
C. Programme support	9 738.5	10 515.6	42.0	–	602.9	644.9	6.1	11 160.5
Total	**62 448.3**	**66 179.1**	**790.7**	**3 312.7**	**452.3**	**4 555.7**	**6.9**	**70 734.8**

Table 17
Overall: proposed posts for 2024 by component (Pension Administration)

Component	*2023 approved*	*Changes*	*2024 estimate*
A. Executive direction and management	4	–	4
B. Programme of work	245	5	250
C. Programme support	9	4	13
Total	**258**	**9**	**267**

Note: Of the changes in posts, the increase of two posts is offset by and attributed to the conversion of general temporary assistance positions to posts.

Table 18
Overall: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes					
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*
Financial resources by main category of expenditure								
Post	31 923.1	35 712.2	790.7	–	911.9	1 702.6	4.8	37 414.8
Non-post	30 525.2	30 466.9	–	3 312.7	(459.6)	2 853.1	9.4	33 320.0
Total	**62 448.3**	**66 179.1**	**790.7**	**3 312.7**	**452.3**	**4 555.7**	**6.9**	**70 734.8**
Post resources by category								
Professional and higher		91	–	–	4	4	4.4	95
General Service and related		167	–	–	5	5	3.0	172
Total		**258**	–	–	**9**	**9**	**3.5**	**267**

Figure X
Distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)

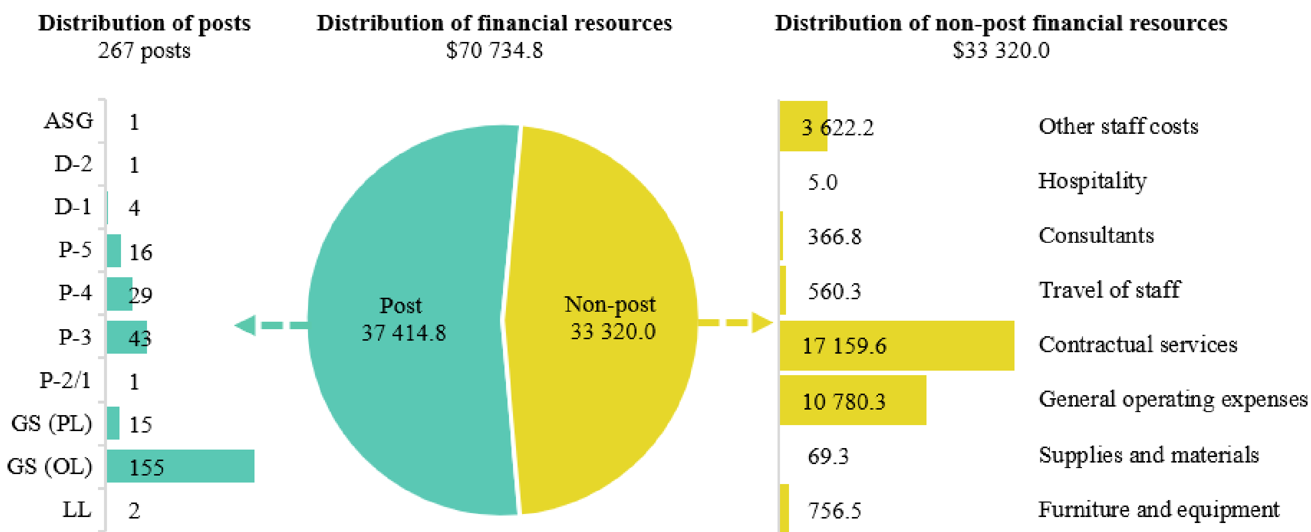
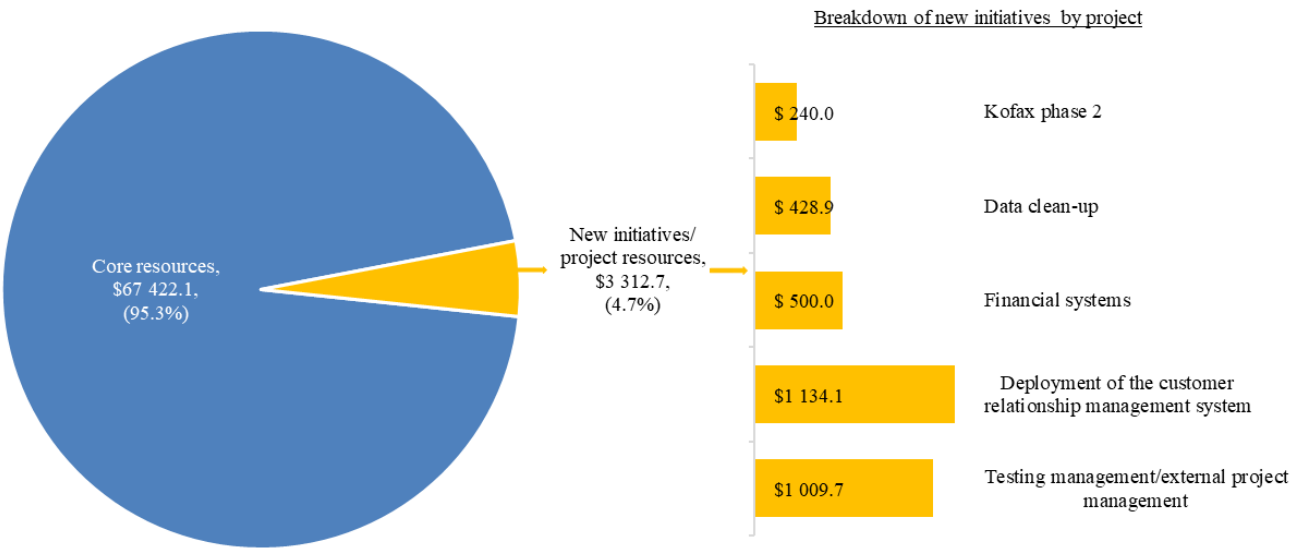


Figure XI
Distribution of proposed resources for 2024 (before recosting), by composition
(Thousands of United States dollars)



Explanation of variances by factor

Overall resource changes

Technical adjustments

66. As reflected in table 16, resource changes under technical adjustments reflect an increase of $790,700 (or 1.2 per cent) compared with the appropriation for 2023, resulting from posts approved for 2023, pursuant to General Assembly resolution 77/258, which were subject to a 50 per cent vacancy rate in 2023 and are now budgeted at continuing vacancy rates, as follows:

(a) **Programme of work**. An increase of $748,700, reflecting the full provision for eight posts (4 P-3, 1 General Service (Principal level) and 3 General Service (Other level)) that were established in 2023, and 3 posts (1 P-4, 1 P-3 and 1 General Service (Other level)) that were reassigned in 2023;

(b) **Programme support**. An increase of $42,000, reflecting the full provision for one General Service (Other level) post that was established in 2023.

New initiatives

67. New initiatives are strategic system upgrade projects or special activities beyond the normal scope and course of operation undertaken by the Pension Administration to address specific issues or deliver improved services, in accordance with the CARE strategy.

68. The new initiatives for 2024 include: (a) the deployment of the customer relationship management software; (b) preliminary steps for the replacement of the Fund’s financial systems; (c) implementation of Kofax phase 2 projects; and (d) the data cleansing and data reconciliation project.

69. As reflected in table 16, resource changes related to new initiatives, reflect an increase of $3,312,700 (or 5.0 per cent) compared with the appropriation for 2023, as follows:

Programme of work. The increase of $3,312,700 under non-post resources, reflects:

(i) Resources amounting to $989,500 under other staff costs to provide for: (a) four general temporary assistance positions (2 P-3 and 2 General Service (Other level)) to provide technical and administrative project management support, as well as application testing and test management relating to the deployment of the customer relationship management system; the replacement of the Fund's financial system, which is no longer be supported by Oracle and has limited compatibility with the technical upgrades of other systems in the Fund; and the second phase of the Kofax project, which would entail implementation of optical character recognition extraction functionality, benefit election on forms and proof of concept for Kofax Total Agility and authentication of thumb-printed documents ($560,600); and (b) four general temporary assistance positions (General Service (Other level)) ($378,400) and overtime ($50,500) to clean up and reconcile participants' data for approximately 300,000 dependants, 3,000 staff records and 20,000 employment data records in preparation for a major upgrade of the core pension administration system. Detailed information on the functions and the expected duration of these positions is provided in annex IV;

(ii) An amount of $83,300 under consultants for business analysis capability support related to process review and re-engineering and the scoping and planning of implementation of the projects in 2024 and 2025;

(iii) An amount of $2,194,000 under contractual services to provide for the initial maintenance support for the customer relationship management system, which will be deployed in 2024 ($390,000); business process re-engineering and training related to the system ($210,000); the initial software upgrade services for the Fund's financial systems ($500,000); the second phase of the implementation of Kofax ($240,000); and external project management support and the implementation of a project management software tool ($854,000);

(iv) An amount of $45,900 under travel of staff to provide for travel of Pension Administration staff who are based in Geneva, Nairobi and Bangkok to attend training sessions on the use of the new customer relationship management system ($37,600) and travel to technical conferences on customer relationship management ($8,300).

Other

70. As reflected in table 16, resource changes under other changes reflect a net increase of $452,300 (or 0.7 per cent) compared with the appropriation for 2023, as follows:

(a) **Executive direction and management**. The net decrease of $261,100 under non-post resources reflects:

(i) A decrease of $367,000 relating to: other staff costs, owing to a reduction in the estimates for after-service health insurance premiums, taking into consideration the expenditure pattern from 2018 to 2022 ($269,100); and consultants, owing mainly to the removal of resources for benchmarking studies, which will not be required in 2024 ($97,900);

(ii) An increase of $105,900, relating to: hospitality, in anticipation of a greater demand for hospitality as the Fund celebrates its seventy-fifth anniversary in 2024 ($1,600); travel of staff, reflecting the expenditure experience and anticipated number of trips to be undertaken by the Chief Executive of Pension Administration and the Deputy Chief Executive of Pension Administration ($33,600); contractual services, relating to training ($5,900), the production of a book on the Fund’s history ($30,000) and membership fees in the Forum Group ($5,900); and general operating expenses, mainly for public information and other activities related to the celebration of the Fund’s seventy-fifth anniversary in 2024 ($18,000) and a senior management retreat ($10,900);

(b) **Programme of work**. The net increase of $110,500 reflects:

(i) An increase of $447,800 under post resources, which would provide for the proposed establishment of five posts (1 P-5, 1 P-4, 1 P-3, 1 General Service (Principal level) and 1 General Service (Other level)) ($479,000); the conversion of two general temporary assistance positions to posts (2 General Service (Other level)) ($189,200); and the reclassification of two posts (1 P-4 to P-5 and 1 P-3 to P-4) ($59,900); offset in part by the redeployment of two posts (1 P-3 and 1 General Service (Other level)) to programme support to address the recommendations of OIOS on the need to strengthen procurement and contract management in the Pension Administration ($280,300). Detailed information on posts is provided in annex III;

(ii) A net decrease of $337,300 under non-post resources, which relates to:

a. A net increase of $86,400 under other staff costs, which is attributable to the proposed creation of five general temporary assistance positions (5 General Service (Other level)), in lieu of overtime, to help alleviate the workload volume for the functions that have experienced significant work volume build-up, such as article 32 and deemed deferred cases and estate payment cases ($515,700), offset in part by a corresponding increase under posts for the conversion of two general temporary assistance positions ($189,200) and lower estimates for overtime ($240,100). The proposal includes the continuation of three general temporary assistance positions. Detailed information on post and temporary position changes is provided in annexes III and IV;

b. A net increase of $156,000 under consultants, which would provide for resources to develop benefits realization, change management and performance management frameworks ($39,200); public information and communication support for graphic design, video review and writing in multiple languages ($45,000); a historian to research and write a book on the occasion of the Fund’s seventy-fifth anniversary ($18,000); resources for translation of e-Learning material into French ($39,000); and a facilitator for team building ($14,800);

c. An increase of $121,200 under travel of staff, taking into consideration expenditure experience and travel plans for 2024, would provide for essential travel, including travel related to the Pension Board meeting, management and administrative visits, outreach missions, visits to retiree associations and staff pension committees of member organizations, working groups, technical conferences and workshops, and training;

d. An increase of $89,100 under furniture and equipment for miscellaneous desktop software applications and licences, including for actuarial valuation and data cataloguing;

e. A net decrease of $583,800 under contractual services relating to various ICT costs, taking into consideration actual expenditure experience and existing contractual arrangements, involving the pension interface, the digital certificate of entitlement, digital signature maintenance and support, and SharePoint , as well as insourcing of server administration services, as the Fund transitions to cloud services for the hosting of its servers, which is expected to increase both the security of data and speed and lower storage costs, as well as yield significant cost savings beginning in 2025 ($714,100); and a reduction in training, taking into consideration past expenditure patterns ($194,100); offset in part by an increase in the cost of the call centre support services, which now operate 24 hours a day, 5 days a week, as opposed to 12 hours a day, 5 days a week, to provide enhanced services to the Fund’s global clientele ($325,000);

f. A decrease of $206,200 under general operating expenses, attributable primarily to: a decrease in estimated payments for treasury disbursement services and the SWIFT platform, taking into consideration the expenditure experience in the first year of full implementation of the alternative payment channel and the anticipated transaction volumes in 2024, with such payments representing the Fund’s share of the cost incurred by the United Nations Treasury to facilitate payments on behalf of the Fund in the light of the difficulties in making disbursements to certain jurisdictions ($100,000); a lower estimate for banking fees, taking into consideration the expenditure pattern from 2020 to 2022 ($41,200); and a decrease in resource requirements for the medical board and the United Nations Appeals Tribunal, considering the actual expenditure for three years from 2020 to 2022 ($65,000);

(c) **Programme support**. The increase of $602,900 reflects:

(i) An increase of $464,100 under posts relating to: the proposed establishment of one Administrative Officer (P-4) post and the inward redeployment of two posts (Contract Management Officer (P-3) and Administrative Assistant (General Service (Other level)) from programme of work to address the recommendation of OIOS on the need to strengthen procurement and contract management in the Pension Administration ($396,100); the establishment of one post (General Service (Other level)) to provide administrative support to the human resources and training teams ($52,600); and the reclassification of the post of Facility Management Assistant (General Service (Other level)) to Senior Facility Management Assistant (General Service (Principal level)) ($15,400), as detailed in annex III;

(ii) A net increase of $138,800 under non-posts relating to: increases under contractual services, related primarily to training services for team coaching and executive team support and the leadership cultural assessment ($95,900); general operating expenses, owing mainly to an increase in the estimates for the United Nations administrative charges ($163,800) and utility and facility maintenance costs ($67,100); supplies and materials, owing to an expected increase in the consumption of office supplies as staff increasingly work from the office premises ($18,500); furniture and equipment, in the expectation of increased furniture and equipment replacement as more staff work from the office premises ($28,300); and consultants, to implement the digital/paperless project for the Geneva office in line with the Fund’s strategy for a digital organization ($2,500); offset in part by a decrease of $231,500 under other staff costs, reflecting the discontinuation of one general temporary assistance position (P-5) ($245,600), offset in part by an increase in overtime ($14,100), and a decrease in travel resources ($5,800).

Executive direction and management

71. The Chief Executive of Pension Administration is responsible for administering the Fund, under the authority of the Pension Board. In addition, the Chief Executive of Pension Administration has a leading role with regard to outreach, communication and relations with stakeholders/decision makers, in accordance with the execution of pillar 3 of the Pension Administration's CARE strategy (strengthen relationships with all stakeholders).

72. Information on compliance with the timely submission of documentation and advance booking for air travel is provided in table 19. Efforts have been made to further enhance the rate of travel compliance through an internal circular reminding staff of the compliance requirements and reinforcing mandatory justification for non-compliance. While travel in 2021 was significantly lower owing to COVID-19 travel restrictions, it gradually returned to normal in 2022.

Table 19
Compliance rate
(Percentage)

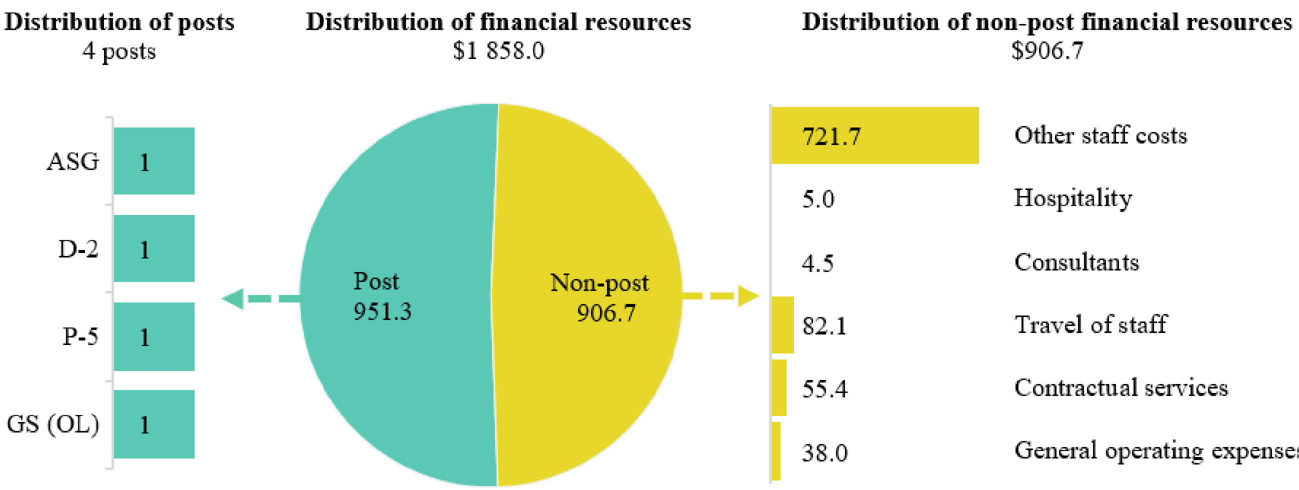
	Actual 2020	*Actual 2021*	*Actual 2022*	*Planned 2023*	*Planned 2024*
Air tickets purchased at least two weeks before the commencement of travel	68.2	100	100	100	100

73. The proposed resources for 2024 amount to $1,858,000 and reflect a decrease of $261,100 (or 12.3 per cent) compared with the appropriation for 2023. Additional details are reflected in table 20 and figure XII. The proposed decrease is explained in paragraph 70 (a) above.

Table 20
Executive direction and management: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes					*2024 estimate (before recosting)*
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	
Financial resources by main category of expenditure								
Post	848.9	951.3	–	–	–	–	–	951.3
Non-post	1 312.4	1 167.8	–	–	(261.1)	(261.1)	(22.4)	906.7
Total	**2 161.3**	**2 119.1**	–	–	**(261.1)**	**(261.1)**	**(12.3)**	**1 858.0**
Post resources by category								
Professional and higher		3	–	–	–	–	–	3
General Service and related		1	–	–	–	–	–	1
Total		**4**	**–**		**–**	**–**	**–**	**4**

Figure XII
Executive direction and management: distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



Programme of work

74. The programme of work includes the Operations Service, the Client Services Service, the Financial Service and the Information Management Systems Service, all of which report directly to the Chief Executive of Pension Administration. It also includes the Data Analysis Unit, the Legal Office, the Business Transformation Unit and the Risk Management Unit, which report to the Deputy Chief Executive of Pension Administration.

75. The proposed resources are in line with the Fund's strategy for 2024, as detailed in the strategy and programme plan for 2024 of the present document.

Operations Service

76. The Operations Service is entrusted with administering and managing the participation and separation process and post-retirement matters that necessitate strong collaboration with the 25 member organizations at the operational level. Its main activities include maintenance of participants' demographic information; review, cleansing and reconciliation of human resources data; and processing of pension benefits. The Service is also in charge of documents management, which involves the handling of all incoming and outgoing correspondence, ensuring that those documents are recorded in the IPAS system and appropriate workflows are opened for action by the various sections in the Fund. It also manages the certificate of entitlement (paper-based and digital) process. The total population of participants, retirees and beneficiaries was approximately 232,400 as at 31 December 2022.

77. The Operations Service plays an active role in the implementation of the Fund's strategy for 2024. It has various projects/initiatives under each pillar. For example, under pillar 1 (improve client experience), the Service heads the ePension project as well as the simplification of forms project. Under pillar 2 (modernize pension services), it implemented the Kofax Total Agility automated signature verification project. Under pillar 3 (strengthen relationships with all stakeholders), in order to foster closer and stronger relations with the member organizations, the Service has created a dedicated unit that serves as focal point for member organizations at the operational level. This enhanced collaboration has had a positive impact, particularly

in the separation process, as turnaround times in the submission of separation documents have continued to improve.

Client Services Service

78. The Client Services Service is responsible for providing client-focused support to the approximately 232,400 participants, retirees and beneficiaries. The services include pension guidance and advice, serving walk-in clients, handling client enquiries and conducting outreach activities. In addition, the Service will deliver internal and external communications to clients through briefings, training modules, website content, videos, brochures and multimedia. It has a presence for face-to-face engagement in New York, Geneva, Nairobi and Bangkok and Client Support Centres in New York and Valencia, Spain.

79. The Service is a critical component of the Fund's strategy, mainly under pillar 1 (improve client experience), undertaking activities to enhance the client experience and making pensions clearer to the Fund's clients and member organizations.

Financial Service

80. The Financial Service handles all financial reporting activities, collection and reconciliation of contributions, and the payment of benefits. The Payments Section and the Cashiers Unit facilitate the disbursement of some $3.1 billion in benefits annually, including quarterly adjustments to the benefit entitlement for all retirees and other beneficiaries. The payments also include cost-of-living adjustments in accordance with the Fund's pension adjustment system. The Accounts Section administers and reconciles the receipt of approximately $3.1 billion in contributions annually and generates participants' statements. It is also responsible for producing accurate and timely annual financial statements for the Fund as a whole, including all investment activity reported by the Office of Investment Management. Lastly, the Service includes the Budget Unit, which prepares and consolidates the annual budget for the entire Fund and facilitates and monitors the disbursement of the administrative expenses through the United Nations Secretariat.

81. The Service contributes to the Fund's strategy under pillar 1 (improve client experience) by modernizing the processes and workflows and introducing new local payment channels through the United Nations Secretariat. Under pillar 2 (modernize pension services) on new systems and the future of work at the Fund, the Service works closely with member organizations to improve financial interfaces and the monthly reconciliation projects for contributions.

82. The Fund is fully committed to ensuring that retirees and beneficiaries receive their pension benefits on time. Sanctions and regulatory compliance have become one of the biggest challenges that the banking industry faces owing to the dramatic increase in regulations. Since 2021, there have been critical banking disruptions in Afghanistan, Mali and the Russian Federation, and recently, in the Sudan. With the utmost urgency, the Fund has been able to promptly react and secure alternative payment channels to minimize the financial hardship to retirees and beneficiaries. The Fund works with the United Nations Treasury to quickly introduce alternative payment channels, utilizing the Treasury's local banking network in the relevant countries. In addressing the challenge of the replacement of the Fund's financial system, the Service will focus on the cleansing of participant and financial data in preparation for the transition to a cloud-based financial platform in 2024. The improvement of legacy data will mitigate the risks related to the introduction of the new system.

Information Management Systems Service

83. The Information Management Systems Service is responsible for the Fund's ICT and provides ICT support to clients, staff pension committees, the Board and its various committees. The scope of ICT services comprises the provision of computing and office automation support; acquisition and maintenance of software/hardware; design of systems; development and implementation of technology-driven solutions; cybersecurity; project management; and support for telecommunications infrastructure and conference services.

84. The Service is an important driver of the strategy of the Fund for the implementation of the initiatives identified under the three strategic pillars. Accordingly, short-, medium- and long-term road maps were developed to chart the execution of various initiatives during the period from 2023 to 2030. The key initiatives planned for 2024 include the integration of the new customer relationship management system with IPAS, business process re-engineering, robotic process automation, cloud migration and data cleansing. Furthermore, initial steps will be taken for the upgrade of the Fund's financial system. The Service will continue to support internal/external stakeholders; conduct and expand periodic data interfaces with member organizations; provide project management support to ensure the consistent adoption of standard methodologies and best practices, monitor milestones and report on deliverables; and operate cybersecurity controls to safeguard the activities of the Fund.

85. In 2022, the Service implemented a series of initiatives aligned with the strategy of the Fund, as approved by the Board and the General Assembly. These initiatives included the deployment of the electronic signature verification system; new business intelligence reports and dashboards; an additional monthly financial interface; the implementation of a project management software tool; the successful confirmation of compliance with the international industry standard for information security management (ISO 27011); and the full integration of the digital certificate of entitlement with IPAS. In addition, the Service ensured the timely and reliable provision of ICT services in support of the operations of the Pension Administration, the Board, staff pension committee secretaries and member organizations.

86. The contract management function under this Service will be redeployed to the Business Support Section to address the recommendations of OIOS.

Business Transformation Unit

87. The Business Transformation Unit identifies and implements business transformation and change management solutions that support the Fund in delivering its vision of providing outstanding services globally. The Unit worked across all functions of the Pension Administration to develop the strategy and strategic plan for 2024 and beyond. The Unit aims to align transformation and change initiatives and organizational performance with the strategy of the Pension Administration by identifying and implementing purpose-driven innovative approaches and solutions to deliver modern and efficient services to clients and stakeholders.

88. To promote greater understanding and implementation of continuous improvement methods among Pension Administration staff, the Unit continued the "Lean Six Sigma" training programme, with 103 staff members certified to date, enabling the implementation of continuous improvement projects. The Unit successfully developed a comprehensive list of key performance indicators for each pillar of the CARE strategy. The Unit actively supports the implementation of the three strategic pillars and the effective co-creation, coordination and management of change as an important business transformation, innovation and change management agent.

Data Analysis Unit

89. The Data Analysis Unit is responsible for the Pension Administration's centralized data analysis and reporting structure, ensuring data accuracy and consistency. It acts as the Fund's centre of excellence on data-related matters, including reviewing, understanding, interpreting and communicating the actuarial valuation and asset and liability management study results. The Unit also manages the relationship with the Fund's consulting actuary and the Committee of Actuaries. The Unit ensures that the Fund identifies important trends, makes data-driven decisions and provides vital analytics. The Unit has an important role in transforming the Fund into a data-driven organization, in line with pillar 2 (modernize pension services).

90. In 2022, the Unit commenced the development of a data governance framework as a key requirement of a data-driven organization, along with a data strategy that aligns to the Fund's overall goals. The Unit also supported the delivery of the programme of work of the Committee of Actuaries, which included the 2021 actuarial valuation report, the commencement of the 2023 asset and liability management study and an assessment of potential risks to the long-term sustainability of the Fund.

Legal Office

91. The Legal Office provides unified legal services to all sections and offices of the Pension Administration. It is responsible for providing legal advice on the consistent and uniform interpretation and application of the Regulations, Rules and Pension Adjustment System of the Fund. The Office also provides legal and procedural support to the Board, the Standing Committee and the United Nations Staff Pension Committee, and handles appeals arising from decisions of the Standing Committee before the United Nations Appeals Tribunal. The Office provides internal and external outreach briefings on matters such as the administration of disability benefits, non-traditional unions and regulation changes.

92. During 2022, in addition to providing support for Board sessions and ongoing operational legal support, the Legal Office assisted in the development of the framework to allow for restoration of deferred retirement benefits that was approved by the Board and the General Assembly, and provided several outreach briefings internally and externally to address issues of administration of disability benefits, non-traditional unions and regulation changes. In addition, the case digest was re-launched on a new platform in March 2022.

Risk Management Unit

93. The Pension Administration Risk Management Unit advises on the implementation and effective operation of the risk management and internal framework. The Unit assesses, monitors and reports on enterprise risks and oversees the design and operation of the Fund's internal control framework. The Unit also liaises with internal and external oversight bodies and analyses and supports the implementation of the recommendations of oversight bodies.

94. In 2022, in line with the volatile and complex environment, new tools and dashboards were introduced to proactively monitor and escalate key enterprise risks. To promote accountability and effective decision-making, the Fund expanded internal control disclosures and decentralized delegation of authority at various levels. The business continuity strategy was updated to address geopolitical risks and cover key client services from the CARE strategy. The Unit works closely and collaborates with the Office of Investment Management on risk matters through the joint Enterprise-wide Risk Management Working Group.

Integration of the risk management and compliance functions of the Pension Administration and the Office of Investment Management

95. The Fund proposes to integrate the risk management and compliance functions of the Pension Administration and the Office of Investment Management into one risk and compliance group for the Fund. As part of the integration, the reporting line for the Risk Management Unit in the Pension Administration would change from the Deputy Chief Executive of Pension Administration to the Chief Risk and Compliance Officer (D-1) of the Office of Investment Management, who would then have a dual reporting line to the Representative of the Secretary-General on risk matters related to the Office of Investment Management and to the Chief Executive of Pension Administration on risk matters related to the Pension Administration.

96. While the Office of Investment Management and the Pension Administration manage distinctly different risk categories, such as investment and market risks for the former, and service, participation and benefit processing risks for the latter, there are shared risk areas that impact the Fund as a whole, such as administration, human resources and facilities. Furthermore, both Offices have adopted a common risk management framework and governance structure, including an Enterprise-wide Risk Management Working Group.

97. The integration of the risk functions of the Office of Investment Management and the Pension Administration into one broader internal risk community of the Fund would lead to an enhanced pool of expertise and provide greater opportunity for commonality of approaches, systems, practices and risk management integration at all levels. Moreover, the integration would address a prior Board recommendation that the Pension Administration and the Office of Investment Management present an enterprise approach to common risks. The Chief Risk and Compliance Officer would act as the leading risk and compliance officer for the entire Fund, limiting any functional ambiguity and bringing greater clarity to accountability and leadership. In reporting and responding to the committees of the Board, one key leader, the Chief Risk and Compliance Officer, would work with and present to the committees.

Proposed structural changes

Creation of the business intelligence team

98. In 2020, the Fund developed a strategy that aimed to transform the Fund into a data-driven organization. This strategy included the establishment of two business units: the Data Analysis Unit and the Business Transformation Unit.

99. Since the implementation of the new strategy, the Fund has experienced a significant increase in the demand for technical support for business intelligence reporting. Many new dashboards have been generated, each with multiple pages, and many more are under way or awaiting development.

100. It has become evident that it is necessary to establish a dedicated team to handle the business intelligence needs of the Fund. This team will be responsible for:

(a) Developing, coding, implementing, maintaining, enhancing, documenting and overseeing business intelligence reporting for all business units across the Fund, as well as for internal and external stakeholders, including oversight bodies;

(b) Managing external business intelligence developers/analysts;

(c) Ensuring stable and up-to-date dashboard operations;

(d) Managing projects and system changes to ensure that the business intelligence solutions meet evolving client expectations and needs;

(e) Working with relevant stakeholders to resolve existing related audit recommendations;

(f) Assisting in data cleansing exercises to improve data quality.

101. There are a number of benefits to establishing a dedicated business intelligence team. It will:

(a) Increase efficiency and productivity, by automating and streamlining business processes;

(b) Improve decision-making, by providing the data necessary to make informed decisions;

(c) Enhance customer service, by providing customer-facing employees with the data needed to answer questions and resolve issues;

(d) Reduce risk, by helping managers in the identification and mitigation of risks, leading to a more secure and stable organization.

102. The team would report to the Chief Information Officer and would comprise a new post of Senior Information Systems Officer (P-5) and an existing Information Systems Officer (P-3) post.

103. The establishment of the team is essential to the continued success of the data-driven strategy and in ensuring that the Fund has the ability to collect, analyse and use data to make informed decisions in a timely manner.

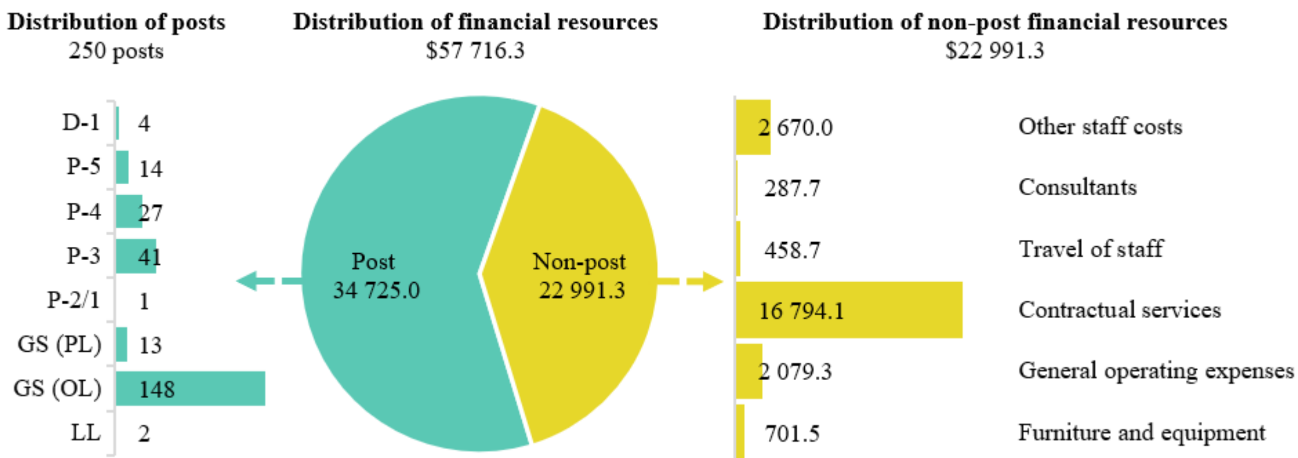
Resources

104. The proposed resources for 2024 amount to $57,716,300 and reflect an increase of $4,171,900 (or 7.8 per cent) compared with the appropriation for 2023. Additional details are reflected in table 21 and figure XIII. The proposed increase is explained in paragraphs 66 (a), 69 and 70 (b).

Table 21
Programme of work: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes					*2024 estimate (before recosting)*
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	
Financial resources by main category of expenditure								
Post	29 897.1	33 528.5	748.7	–	447.8	1 196.5	3.6	34 725.0
Non-post	20 651.4	20 015.9	–	3 312.7	(337.3)	2 975.4	14.9	22 991.3
Total	**50 548.5**	**53 544.4**	**748.7**	**3 312.7**	**110.5**	**4 171.9**	**7.8**	**57 716.3**
Post resources by category								
Professional and higher		85	–	–	2	2	2.4	87
General Service and related		160	–	–	3	3	1.9	163
Total		**245**	**–**	**–**	**5**	**5**	**2.0**	**250**

Figure XIII
Programme of work: distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



Programme support

105. The Business Support Services Unit, to be renamed the Business Support Section as of 2024 in compliance with United Nations organizational nomenclature, provides support services to both the Pension Administration and the Office of Investment Management, with dual reporting lines to the Deputy Chief Executive of Pension Administration and the Chief of Operations in the Office of Investment Management. The Section integrates human resources, learning and development, and facilities management activities.

Proposed structural changes

Creation of the Sourcing Coordination Unit

106. The Pension Administration proposes the inclusion of a Sourcing Coordination Unit in the Business Support Section to undertake procurement-related activities within the Pension Administration. This proposal involves moving the Contract Management Unit from the Information Management Systems Service to the Business Support Section. This change will expand the role of the Business Support Section to include procurement-related activities for the Pension Administration. The structural change and post requests are made to address the recommendation contained in the audit report of OIOS, as further detailed below.

107. In 2022, OIOS audited procurement and contract management in the Pension Administration. In its report, OIOS highlighted and recommended the need to strengthen procurement and contract management in the Pension Administration. It recommended that the Pension Administration undertake a review and revise the structure, functions and reporting lines of the Contract Management Unit in the Information Management Systems Service to strengthen governance, oversight and operational efficiency.

108. In compliance with the recommendation, the Pension Administration engaged a subject matter expert to review the procurement and contract management process. The expert concluded that the administrative and regulatory interfaces connecting the various components of the procurement process had become obsolete, cumbersome and fragmented. Managers at the Fund have raised concerns about slow and

unresponsive service delivery, fragmented administrative structures, inadequate resourcing and a lack of transparency and accountability. To address the issues, the expert recommended the creation of a Sourcing Coordination Unit to centralize procurement and acquisition support and provide the delineation of the required processes.

109. The Unit would be resourced by the establishment of a post of Administrative Officer (P-4) as the Chief of the Unit and the transfer of the Contract Management Officer (P-3) and Administrative Assistant (General Service (Other level)) posts from the Contract Management Unit. The Sourcing Coordination Unit would report directly to the Chief of the Business Support Section.

110. The establishment of the new Unit would address the procurement issues and gaps identified by OIOS and the expert and improve the procurement processes in the Pension Administration. The Sourcing Coordination Unit would provide expert advice and guidance on procurement within the Pension Administration, consolidate procurement planning and assist in drafting requirements such as specifications, statements of work and terms of reference, and associated technical evaluation criteria. In addition, the Unit would be responsible for raising shopping carts in Umoja, ensuring that sufficient funds are available, providing advice during technical evaluations as an ex-officio member of the technical evaluation committee, accepting goods and/or services delivered by vendors, creating receipt and inspection reports in Umoja and assisting end users in contract management duties, including vendor performance evaluation.

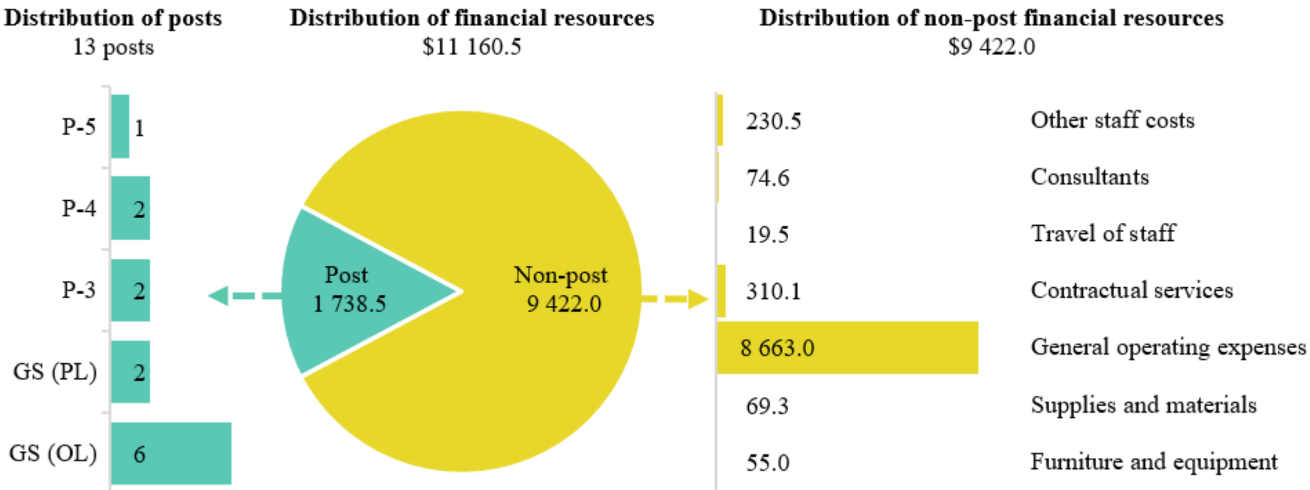
Resources

111. The proposed resources for 2024 amount to $11,160,500 and reflect an increase of $644,900 (or 6.1 per cent) compared with the appropriation for 2023. Additional details are reflected in table 22 and figure XIV. The proposed increase is explained in paragraphs 66 (b) and 70 (c).

Table 22
Programme support: evolution of financial and post resources (Pension Administration)
(Thousands of United States dollars/number of posts)

			Changes					2024 estimate (before recosting)
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	
Financial resources by main category of expenditure								
Post	1 177.1	1 232.4	42.0	–	464.1	506.1	41.1	1 738.5
Non-post	8 561.4	9 283.2	–	–	138.8	138.8	1.5	9 422.0
Total	**9 738.5**	**10 515.6**	**42.0**	–	**602.9**	**644.9**	**6.1**	**11 160.5**
Post resources by category								
Professional and higher		3	–	–	2	2	66.7	5
General Service and related		6	–	–	2	2	33.3	8
Total		**9**	**–**	–	**4**	**4**	**44.4**	**13**

Figure XIV
Programme support: distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



IV. Office of Investment Management

Foreword

The mandate of the Office of Investment Management is to contribute to the United Nations global mission by ensuring the long-term financial sustainability of the Fund so that it can fully discharge its obligations to current and future beneficiaries. The Fund's objective is to earn the highest possible investment return, consistent with the Fund's risk tolerance, requiring an annualized real rate of return of 3.5 per cent in dollars over the long-term. This objective is adjusted for changes in prices owing to inflation or other external factors over a 15-year period or longer.

According to article 19 (a) of the Regulations, Rules and Pension Adjustment System of the Fund, "the investment of the assets of the Fund shall be decided upon by the Secretary-General after consultation with an Investments Committee and in the light of observations and suggestions made from time to time by the Board on the investments policy". The investments must meet the criteria of safety, profitability, liquidity and convertibility. The management of the investment of the assets of the Fund is the fiduciary responsibility of the Secretary-General. The Representative of the Secretary-General has been delegated the responsibility and authority to act on behalf of the Secretary-General in all matters involving his fiduciary duties relating to the investment of the assets of the Fund.

Investments are made in accordance with the investment policy statement, which is comprehensively updated after the asset and liability management study is conducted, once every four years. The investment policy statement will be updated this year and will inform decisions on types of investment. The Office of Investment Management will then determine how resources will be allocated to support those activities. The Office is aligned with the Sustainable Development Goals on climate action and is on track to decarbonize its portfolio.

With appropriate support, the Office will strengthen the implementation of its mission, continue to work on cultural transformation and improve its culture of accountability. It will use strategic communication to support organizational objectives, continue to increase the use of data to inform decision-making and ensure that the strategic and operational areas adequately and effectively support the delivery of results. The Office will strive to reach a 50/50 gender balance at all levels and ensure equitable geographical distribution. Finally, the Office will foster a culture of innovation, collaboration and continuous learning.

The request of $64,998,700 represents a 14.7 per cent growth before recosting, which remains well below 30 per cent of the median cost of the Fund's peers. This increase, which is due mainly to inflationary effects in contractual services, posts and official travel, will enable the Office to work effectively towards accomplishing its mission. Overall, the request is critical for the Office to maintain and improve its performance.

(*Signed*) Pedro **Guazo**
Representative of the Secretary-General
for the investment of the assets of the
United Nations Joint Staff Pension Fund

A. Proposed programme plan for 2024 and programme performance in 2022

Overall orientation

112. The Office of Investment Management is responsible for the day-to-day management of the Fund's investments under the oversight and guidance of the Representative of the Secretary-General and various internal committees of the Office. The Office implements the approved investment policy and ensures that the portfolio conforms to the approved asset allocation, investment guidelines and risk parameters. The staff of the Office assess global economic, geopolitical and financial market developments and monitor their impact on various asset classes and regions in which the Fund is invested.

113. The Office of Investment Management ensures that performance and portfolio risk analysis reports are accurate and up to date. According to article 19 (b) of the Regulations, Rules and Pension Adjustment System of the Fund, "the Secretary-General shall arrange for the maintenance of detailed accounts of all investments and other transactions relating to the Fund, which shall be open to examination by the Board". The main sections of the Office consist of the Office of the Representative of the Secretary-General, the Investment Section, the Risk and Compliance Section, the legal team, the operations team, the information systems team, the data analytics and business applications team and the programme administration team.

Strategy for 2024

114. The strategy of the Office of Investment Management underpinning the 2024 budget proposal is driven by the continuation of its mandate to generate an annualized real rate of return of 3.5 per cent in dollars, focusing on:

(a) Investment initiatives:

(i) Implementation of the recommendations in the new investment policy statement to increase allocation in private markets;

(ii) Investment in United States Treasury securities lending that could generate additional revenue;

(iii) Operationalization of the pilot projects on derivatives after successful completion of proof of concept;

(iv) Exploration of impact investing for part of the portfolio, as requested by the General Assembly in its resolution 76/246;

(b) Continuation of the culture transformation initiatives:

(i) Development of an organizational manual to help articulate accountability frameworks reflecting the changing organizational structure;

(ii) Addressing the need for greater clarity on roles and responsibilities across Office of Investment Management teams and preparing the Office for continuing growth;

(c) The target operating model: the Office is currently conducting an assessment that will define the road map for projects and initiatives for the next five years. In the meantime, the Office is continuing to upgrade its ICT infrastructure, to strengthen its information security policies and procedures, and to roll out its data programme;

(d) Goals for the Risk and Compliance Section: the goals for 2024 are to contribute to the adequate risk-return of the Fund by monitoring, assessing and evaluating the risk and performance of the portfolio, complying with the regulatory framework. This includes following the risk and compliance policies and procedures, which are reviewed and updated according to best practices. In addition, the Section supports strategic projects by participating in the derivatives initiatives and implementing the recommendations of the 2023 asset and liability management study throughout 2024. The teams will continue to work on the automation of the reports and activities, and on assessing risk management, internal controls and compliance aligned with market best practices and the Global Investment Performance Standards.

External factors

115. The overall plan for 2024 is based on the following planning assumptions:

(a) All stakeholders will be supportive of the efforts of the Office of Investment Management and will extend their full cooperation;

(b) There will be no significant shortfalls in funding for the implementation of the mandate established by the General Assembly;

(c) The financial markets, such as public equities, private markets, global fixed income and foreign exchange, will align with the long-term assumptions;

(d) The recruitment, procurement and the legal processes with respect to requested staff, services and products are completed within the expected time frame.

116. The Office of Investment Management is also exposed to other external market-related factors such as:

(a) More volatile global markets and currencies markets and fluctuations in interest rates;

(b) More credit risk from sovereign countries and the risk of default on loans;

(c) Cyberattacks;

(d) Operating in inflationary environments globally;

(e) Ongoing conflict in various parts in the world.

Evaluation activities

117. The following evaluation activities were completed in 2022:

(a) Audit of compliance with investment policies and procedures;

(b) Audit of procurement and contract management.

118. The following evaluation activities initiated in 2023 continue to guide the programme plan for 2024:

(a) Audit of socially responsible investing in environmental, social and governance;

(b) Audit of real assets;

(c) Audit of network access management;

(d) Audit of budget formulation and monitoring;

(e) Audit of the selection and use of brokers and counterparties;

(f) Audit of cybersecurity awareness.

Programme of work

Objective

119. The Office of Investment Management manages the Fund's assets in a prudent and optimal manner, while achieving its long-term investment return objective in order to ensure the Fund's financial sustainability. The Office's investments are spread across 97 countries and regions, and 71.9 per cent of the assets are managed internally. Investments must, at the time of initial review, meet the criteria of safety, profitability, liquidity and convertibility.

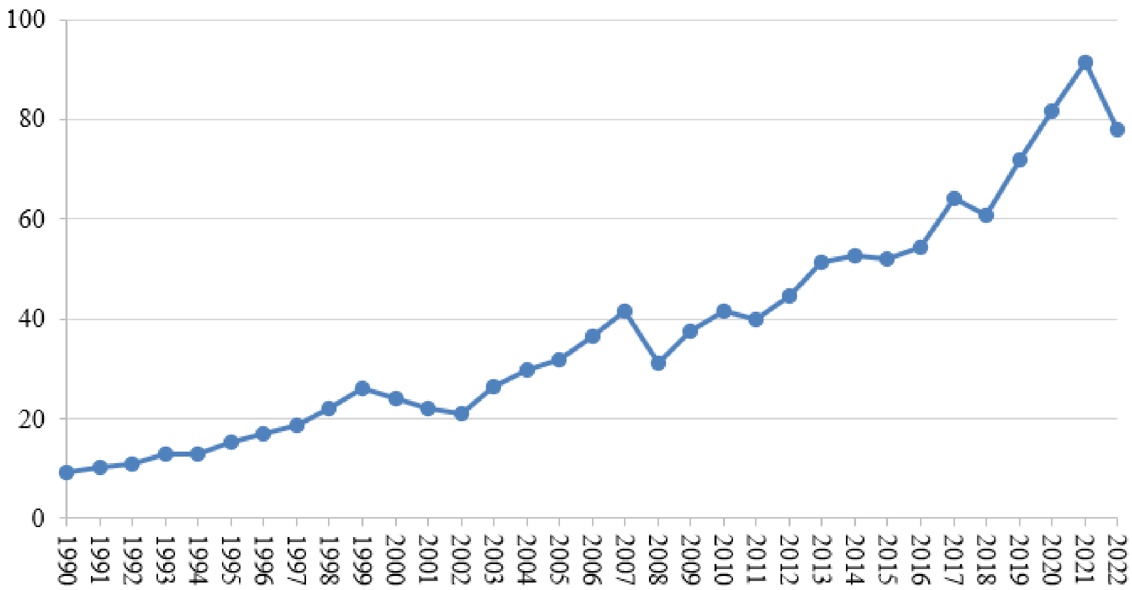
Programme performance in 2022

120. As at 31 December 2022, the Fund was valued at $77.92 billion, compared with $91.48 billion as at 31 December 2021, with a return in 2022 of -14.62 per cent. As at 31 December 2022, the Fund did not meet its first objective (meet or exceed 3.50 per cent annualized real rate of return on a long-term basis, defined as 15 years): the 15-year annualized real rate of return was 2.18 per cent, below the 3.50 per cent threshold.

121. The Fund met its second performance objective by outperforming the total policy benchmark return over the short run, which is defined as three years. As of December 2022, the Fund had returned a three-year annualized nominal return of 2.83 per cent, outperforming the benchmark return of 2.21 per cent.

122. The Fund's performance exceeded that of the policy benchmark over the long-term horizons in the last 3, 5, 10 and 15 years. On a short-term (yearly) basis, the total excess performance of the Fund was highly volatile and sensitive to market conditions. Those effects were smoothed over the medium to long term, generating a more stable and consistent excess return. In 2022, the Office of Investment Management successfully implemented the new strategic asset allocation and benchmarks.

Figure XV
Market value of assets as at 31 December 2022
(Billions of United States dollars)



123. The Office of Investment Management has enhanced environmental, social and governance integration in its investment processes, with a particular focus on climate change and divestments in fossil fuels.

124. In April 2023, the Office of Investment Management completed its first mortgage-backed securities trade on a "to be announced" basis, which successfully tested all internal and external systems and processes, as part of the new initiatives to use financial derivatives instruments to manage risk and improve efficiency.

125. All policies and procedures relating to ISO 22301:2019 and ISO 27001:2013 are updated and reviewed annually to ensure alignment with the two standards and to ensure that changes in the Office of Investment Management's working environment are incorporated.

126. The Office of Investment Management has significantly improved the transparency and communication of investment reports on the Fund's website. In both 2021 and 2022, the Fund achieved compliance with the Global Investment Performance Standards of the Chartered Financial Analyst Institute. These standards are universal and voluntary and based on the principles of full disclosure and fair representation of investment performance.

127. The Representative of the Secretary-General and the Chief Executive of Pension Administration continued to collaborate on the "one Fund" initiative.

128. During the period 2022–2023, 25 OIOS and 22 Board of Auditors recommendations were closed, and action is being taken to close the remaining 18 OIOS and 15 Board recommendations that were still open as of February 2023.

129. The Office of Investment Management had advertised 52 job openings as at 31 December 2022 for which selections have been made. The average time to fill job openings was 107 days, compared with the 120-day benchmark.

130. The Office of Investment Management is continuing the culture transformation programme. Since this is a long-term endeavour that will span over an extended

period, a Change Management Office will be established to help the Office of Investment Management to continue to work on culture transformation. The Office continues to work on its culture by engaging with staff through team-building initiatives, providing training and development opportunities, co-creating initiatives with staff to improve the work environment and providing coaching as needed.

Planned results for 2024

131. The Office of Investment Management remains committed to being an institution whose mandate is to contribute to the global mission of the United Nations by ensuring the long-term financial sustainability of the Fund.

132. The Office of Investment Management will continue to address the gaps in resources and capabilities, work on improving its culture and implement its new investment policy statement to be able to function successfully in a more challenging investment landscape.

133. Pursuant to General Assembly resolution 76/246, the Fund will continue to explore impact investing for part of the portfolio, leveraging its existing internal and external resources to develop a credible impact investing strategy, and will present its findings to the Assembly.

134. The Office of Investment Management will implement the derivatives projects following the completion of the operational readiness phase and the successful completion of the proof of concept to validate operational capability.

Table 23
Performance measures

	2020 (actual)	*2021 (actual)*	*2022 (actual)*	*2023 (estimated)*	*2024 (estimated)*
Meets or exceeds the target real rate of return annualized in dollar terms (3.5 per cent) over the long term (15 years or longer)	Yes, with 4.84 per cent	Yes, with 4.32 per cent	No, with 2.18 per cent	3.5 per cent	3.5 per cent
Meets or exceeds the policy benchmark return over the short term (3 years annualized nominal performance)	No, (8.65 per cent for the total Fund vs. 8.86 per cent for the benchmark)	Yes (14.76 per cent for the total Fund vs. 14.74 per cent for the benchmark)	Yes (2.83 per cent for the total Fund vs. 2.21 per cent for the benchmark)	Yes	Yes
Total investment cost as a percentage of assets under management is below the peer median (5-year period with a one-year lag)[a]					41 basis points

Note: As at 31 December 2022, the Fund market value was $77.9 billion, a decrease from $91.5 billion as at 31 December 2021, which is materialized by an annual nominal performance of -14.62 per cent for the year 2022. The 15-years real rate of return decreased from 4.32 per cent at the end of 2021 to 2.18 per cent at the end of 2022, below the target rate of 3.5 per cent.

[a] A new key performance indicator introduced to address the recommendation of the Board of Auditors contained in its report on the financial statements of the Fund for the year ended 31 December 2021 (A/77/5/Add.16, chap. II, para. 32).

B. Proposed post and non-post resource requirements for 2024

Overview

135. The overall resources proposed for 2024 amount to $64,998,700 before recosting, reflecting a net increase of $8,348,900 (or 14.7 per cent) compared with the appropriation for 2023. Resource changes result from two factors: (a) technical adjustments ($336,800); and (b) other changes ($8,012,100).

136. The proposed resources for 2024, including the breakdown of resource changes, as applicable, are reflected in tables 24 to 29 and figure XVI.

Table 24
Overall: evolution of financial resources by object of expenditure (Office of Investment Management)
(Thousands of United States dollars)

Object of expenditure	*2022 expenditure*	*2023 appropriation*	*Changes: Technical adjustments*	*Changes: Other*	*Changes: Total*	*Changes: Percentage*	*2024 estimate (before recosting)*	*Recosting*	*2024 estimate (after recosting)*
Posts	20 897.7	24 817.1	336.8	2 014.3	2 351.1	9.5	27 168.2	918.3	28 086.5
Other staff costs	1 978.9	1 479.4	–	(732.2)	(732.2)	(49.5)	747.2	(0.7)	746.5
Hospitality	0.7	3.2	–	(2.2)	(2.2)	(68.8)	1.0	–	1.0
Consultants	168.1	335.8	–	35.0	35.0	10.4	370.8	(0.3)	370.5
Travel of representatives	27.8	122.4	–	(3.9)	(3.9)	(3.2)	118.5	–	118.5
Travel of staff	198.0	218.7	–	471.4	471.4	215.1	690.1	–	690.1
Contractual services	19 539.8	24 741.5	–	5 394.9	5 394.9	21.8	30 136.4	(29.1)	30 107.3
General operating expenses	4 021.7	4 844.2	–	689.4	689.4	14.2	5 533.6	(3.1)	5 530.5
Supplies and materials	21.6	10.7	–	6.3	6.3	58.9	17.0	–	17.0
Furniture and equipment	440.6	76.8	–	139.1	139.1	181.1	215.9	(0.1)	215.8
Total	**47 294.7**	**56 649.8**	**336.8**	**8 012.1**	**8 348.9**	**14.7**	**64 998.7**	**885.0**	**65 883.7**

Table 25
Overall: proposed posts and post changes for 2024 (Office of Investment Management)
(Number of posts)

	Number	*Details*
Approved for 2023	150	1 ASG, 1 D-2, 5 D-1, 14 P-5, 35 P-4, 47 P-3, 12 P-2/1, 21 GS (PL), 14 GS (OL)
Reclassification	–	Upward reclassification of 1 GS (OL) to GS (PL)
Redeployment	–	Redeployment of 6 posts (1 P-5, 1 P-4, 2 P-3, 1 P-2/1 and 1 GS (OL) from executive direction and management to programme of work
Conversion	7	1 P-4, 3 P-3, 2 P-2/1, 1 GS (PL)
Establishment	10	3 P-4, 2 P-3, 3 P-2/1, 1 GS (PL), 1 GS (OL)
Proposed for 2024	167	1 ASG, 1 D-2, 5 D-1, 14 P-5, 39 P-4, 52 P-3, 17 P-2/1, 24 GS (PL), 14 GS (OL)

Note: More information on post changes is provided in annex III.

Table 26
Overall: proposed posts by category and grade (Office of Investment Management)
(Number of posts)

	2023 approved	*Changes*	*2024 proposed*
Professional and higher			
ASG	1	–	1
D-2	1	–	1
D-1	5	–	5
P-5	14	–	14
P-4	35	4	39
P-3	47	5	52
P-2/1	12	5	17
Subtotal	**115**	**14**	**129**
General Service and related			
GS (PL)	21	3	24
GS (OL)	14	–	14
Subtotal	**35**	**3**	**38**
Total	**150**	**17**	**167**

Table 27
Overall: Evolution of financial resources by component (Office of Investment Management)
(Thousands of United States dollars)

			Changes				
Component	*2022 expenditure*	*2023 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*
A. Executive direction and management	3 899.3	3 468.5	–	(2 423.4)	(2 423.4)	(69.9)	1 045.1
B. Programme of work	39 704.6	48 422.8	336.8	9 709.6	10 046.4	20.7	58 469.2
C. Programme support	3 690.9	4 758.5	–	725.9	725.9	15.3	5 484.4
Total	**47 294.7**	**56 649.8**	**336.8**	**8 012.1**	**8 348.9**	**14.7**	**64 998.7**

Table 28
Overall: proposed posts for 2024 by component (Office of Investment Management)
(Number of posts)

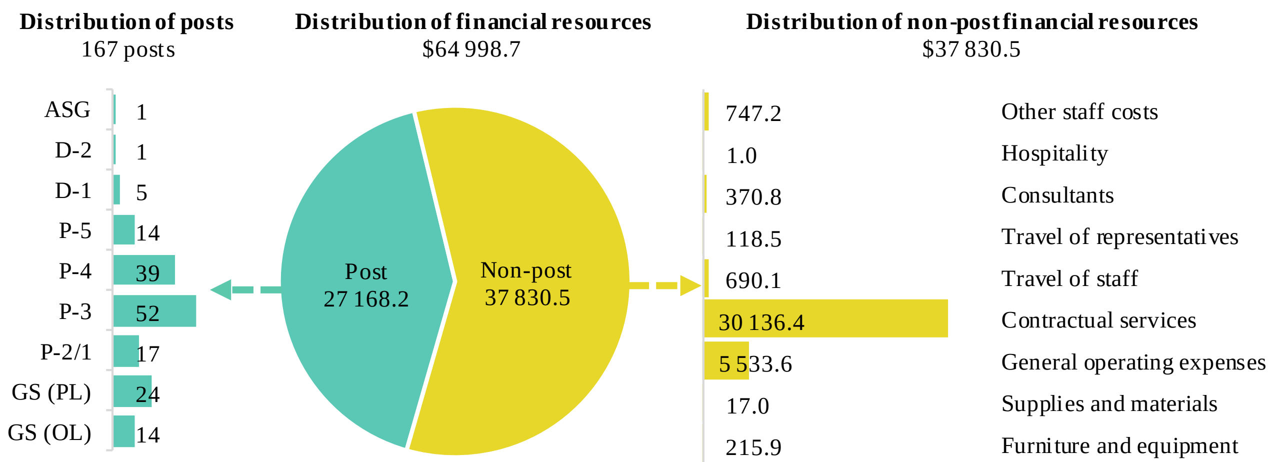
Component	*2023 approved*	*Changes*	*2024 proposed*
A. Executive direction and management	8	(6)	2
B. Programme of work	142	23	165
Total	**150**	**17**	**167**

Note: Of the changes in posts, the increase in 7 posts is offset by and attributed to the conversion of general temporary assistance positions to posts.

Table 29
Overall: evolution of financial and post resources (Office of Investment Management)
(Thousands of United States dollars/number of posts)

	2022 expenditure	2023 appropriation	Change: Technical adjustments	Change: Other	Change: Total	Change: Percentage	2024 estimate (before recosting)
Financial resources by main category of expenditure							
Post	20 897.7	24 817.1	336.8	2 014.3	2 351.1	9.5	27 168.2
Non-post	26 397.0	31 832.7	–	5 997.8	5 997.8	18.8	37 830.5
Total	**47 294.7**	**56 649.8**	**336.8**	**8 012.1**	**8 348.9**	**14.7**	**64 998.7**
Post resources by category							
Professional and higher		115	–	14	14	12.2	129
General Service and related		35	–	3	3	8.6	38
Total		**150**	–	**17**	**17**	**11.3**	**167**

Figure XVI
Distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



Explanation of variances by factor

Overall resources changes

Technical adjustments

137. As reflected in table 27, resource changes under technical adjustments reflect an increase of $336,800 under programme of work, resulting from five posts approved, pursuant to General Assembly resolution 76/246, that were subject to a 50 per cent vacancy rate in 2023 and are now budgeted at continuing vacancy rates, as follows:

Programme of work. An increase of $336,800, reflecting the full provision for five new posts (4 P-3 and 1 P-2/1) approved in 2023.

Other changes

138. Resource changes reflect a net increase of $8,012,100 as follows:

(a) **Executive direction and management**. The net decrease of $2,423,400 relates to:

(i) A decrease of $994,100 under posts resources attributable to the redeployment of six posts (1 P-5, 1 P-4, 2 P-3, 1 P-2/1 and 1 General Service (Other level)) from executive direction and management to programme of work in 2024 to better align the team with the programme of work;

(ii) A net decrease of $1,429,300 under non-post resources related to:

a. The outward redeployment of contractual services for legal services ($1,495,500);

b. Decreases under hospitality ($2,200), travel of representatives ($3,900) and travel of staff ($2,900);

c. Increased requirements under other staff costs owing mainly to the increase in the after service health insurance premium ($75,200);

(b) **Programme of work**. The net increase of $9,709,600 reflects:

(i) An increase of $3,008,400 under posts related to:

a. The proposed establishment of 10 posts ($903,800). Detailed justification is provided in annex III below;

b. The proposed conversion of seven general temporary assistance positions to posts ($1,094,700), as detailed in annex III below;

c. The proposed reclassification of one post from General Service (Other level) to General Service (Principal level) to reflect the higher level of work performed over the years and the increase in responsibilities and the level of complexity of the functions performed ($15,800), as detailed in annex III;

d. The inward redeployment of six posts (1 P-5, 1 P-4, 2 P-3, 1 P-2/1 and 1 General Service (Other level)) from executive direction and management to programme of work ($994,100);

(ii) A net increase of $6,701,200 under non-post resources related to:

a. Increases in the requirements for consultants ($35,000), travel of staff ($474,300) and contractual services, mainly for operational, legal and IT-related services ($6,862,700), supplies and materials ($10,000) and furniture and equipment ($139,100);

b. A decrease in requirements under other staff costs ($807,400) attributable mainly to the conversion of seven general temporary assistance positions to posts, as detailed in annex IV;

c. A decrease in requirements under general operating expenses, owing mainly to the completion of some special IT projects and the postponement of planned projects ($12,500).

(c) **Programme support**. The net increase of $725,900 under non-post resources relates to general operating expenses and is attributable mainly to the rental and maintenance of premises and resources for services provided by the United Nations under the shared costs arrangement ($701,900) and contractual services for outreach, and memberships and subscriptions for Office of Investment Management staff ($27,700), offset in part by a decrease under supplies ($3,700).

Executive direction and management

139. The Representative of the Secretary-General for the investment of the assets of the Fund leads the investment operations in terms of strategy and policy analysis, asset allocation, portfolio management and investment decision-making; risk management and compliance and monitoring; and operations, information technology requirements and programme administration. The Representative of the Secretary-General is responsible for investment policy, strategic and tactical asset allocation and the appropriate investment strategy, in consultation with the Investments Committee and in the light of observations and suggestions made by the Board on investment policy. He oversees the implementation of investment decisions and ensures that the approved investment policy and asset allocation are followed. He is responsible for carrying out the responsibilities of the Secretary-General under article 19 (b) of the Regulations of the Fund, including to ensure that detailed accounts of all investments and other transactions relating to the Fund are maintained and to report to the Board, the Advisory Committee on Administrative and Budgetary Questions and the General Assembly on the Fund's investments. The Representative of the Secretary-General also works closely with the Chief Executive of Pension Administration.

140. The Chief Investment Officer assists the Representative of the Secretary-General in ensuring that all the investment functions in the Office of Investment Management are properly coordinated, coherent and aligned to safeguard fiduciary responsibilities, support the Office's goals and enhance the long-term sustainability of the Fund. The Representative of the Secretary-General is further assisted by the Chief Operating Officer and the Chief Risk and Compliance Officer in ensuring that operations and information systems, data analytics and business applications, programme administration, and risk, compliance and monitoring functions are also adequately coordinated.

141. Information on compliance regarding the timely submission of documentation and advance booking for air travel is reflected in table 30. The Office of Investment Management continues to make efforts to further enhance the travel compliance rate, taking into consideration the patterns and nature of official travel.

Table 30
Compliance rate
(Percentage)

	Actual 2020	*Actual 2021*	*Actual 2022*	*Planned 2023*	*Planned 2024*
Air tickets purchased at least two weeks before the commencement of travel	92	50	67	100	100

142. The proposed resources for 2024 amount to $1,045,100 and reflect a decrease of $2,423,400 compared with the appropriation for 2023. Additional details are reflected in table 31 and figure XVII. The proposed decrease is explained in paragraph 138 (a).

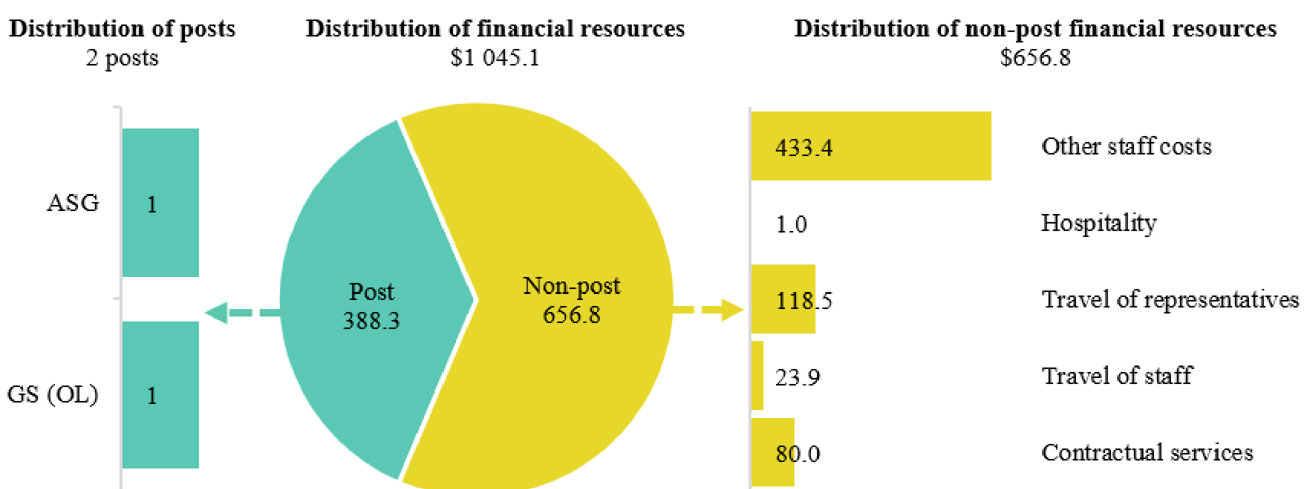
Table 31
Executive direction and management: evolution of financial and post resources (Office of Investment Management)

(Thousands of United States dollars/number of posts)

	2022 expenditure	2023 appropriation	Changes: Technical adjustments	Changes: Other	Changes: Total	Changes: Percentage	2024 estimate (before recosting)
Financial resources by main category of expenditure							
Post	1 230.0	1 382.4	–	(994.1)	(994.1)	(71.9)	388.3
Non-post	2 669.4	2 086.1	–	(1 429.3)	(1 429.3)	(68.5)	656.8
Total	**3 899.4**	**3 468.5**	–	**(2 423.4)**	**(2 423.4)**	**(69.9)**	**1 045.1**
Post resources by category							
Professional and higher		6	–	(5)	(5)	(83.3)	1
General Service and related		2	–	(1)	(1)	(50.0)	1
Total		**8**	**–**	**(6)**	**(6)**	**(75.0)**	**2**

Figure XVII
Executive direction and management: distribution of proposed resources for 2024 (before recosting)

(Number of posts/thousands of United States dollars)



Programme of work

143. The Investment Section, the Risk and Compliance Section, the legal team, the operations team, the information systems team, the data analytics and business applications team and the programme administration team are tasked with implementing the programme of work of the Office of Investment Management. The Office has a single objective of managing the investment of the Fund's assets, and all of the sections contribute to achieving that goal.

Investment Section

144. The Investment Section is tasked with implementing the asset and regional exposure strategies as approved by the Representative of the Secretary-General to

achieve optimal investment returns for the Fund while avoiding undue risks. The Chief Investment Officer, together with the directors for the equities, private markets and fixed-income teams, supervises the public and private markets, which consist of the following 11 teams: sustainable investment, North American markets, European markets, Asia-Pacific markets, global emerging markets, fixed-income, as well as management of external specialty funds and trade execution, real estate, real assets and private equity. The number of teams is expected to continue to grow in the future, as the size and complexity of the Fund's investment portfolio grows and as new asset classes and investment instruments are added to the tool kit of the Office of Investment Management. The primary function of the teams involves investment management by monitoring current portfolios, tracking developments and keeping abreast of financial markets, and making and implementing investment decisions.

145. The Office of Investment Management strives to avoid risks that may compromise the long-term objective of the Fund. Accordingly, the Office has expanded its efforts with respect to understanding and evaluating the impact that externalities related to environmental, social and governance factors may have on its investment return and risk, and its approach to sustainable investing is evolving. The objective of the Office's sustainable investing approach is to integrate environmental, social and governance considerations into its investment decision-making process across all asset classes.

Risk and Compliance Section

146. The Risk and Compliance Section reports to the Representative of the Secretary-General and comprises the following teams: risk, compliance and performance. The teams are responsible for independently identifying, measuring and monitoring all aspects of market and operational risks to which the Fund is exposed. In addition, the Section is mandated to implement adequate monitoring and control processes covering the Fund's investments to ensure compliance with all the policies and guidelines of the Office of Investment Management. The performance team is responsible for performance measurement and reporting (as calculated by the independent record keeper and custodian) of the Fund.

Operations, information systems, data analytics and business applications, and programme administration teams

147. The Chief Operating Officer reports to the Representative of the Secretary-General and supervises the operations team, the information systems team, the data analytics and business applications team and the programme administration team.

148. The operations team is responsible for public and private markets investment operations that encompass post-trade processing, accounting, reconciliation, corporate actions monitoring and the financial reporting of all investment transactions and related activities of the Fund. It is also responsible for the cash desk, including payroll funding requirements in and out of the custody cash account of the Office of Investment Management and the production of daily cash projections, thus enabling the Investment Section to manage cash for all currencies utilized by the Office for investment purposes. Furthermore, the operations team is responsible for managing all aspects related to the custody of the assets of Office and for all the Office's tax-related matters, including managing the relationship with the Office's global tax and accounting advisors.

149. The information systems team is responsible for the Office's ICT operations, which encompass the enablement of and technical support for the investment operations, from portfolio management to risk management, trade execution, trade processing and investment data maintenance. The objective is to implement fit-for-

purpose investment applications, equipping portfolio and risk managers with rapid access to the actionable financial data needed to implement effective investment models and make effective decisions to accomplish the investment target.

150. The data analytics and business applications team is responsible for managing the Office's business applications strategy development and execution of all the processes and digital components supporting the investment life cycle, as well as managing its implementation, from the business case to its digital deployment, and provides technical support and policy advice. In addition, the team is responsible for directing the Office's data and analytics programme and coordinating its execution by performing a central role in: (a) fostering value creation from the use of the organization's data assets; (b) working with business stewards to foster data and analytics governance as a strategic discipline; (c) leading the data and analytics strategy; (e) defining, prioritizing and executing the data and analytics programme; (f) building a data-driven culture; (g) fostering data literacy; and (h) creating the intelligence essential for a digital enterprise.

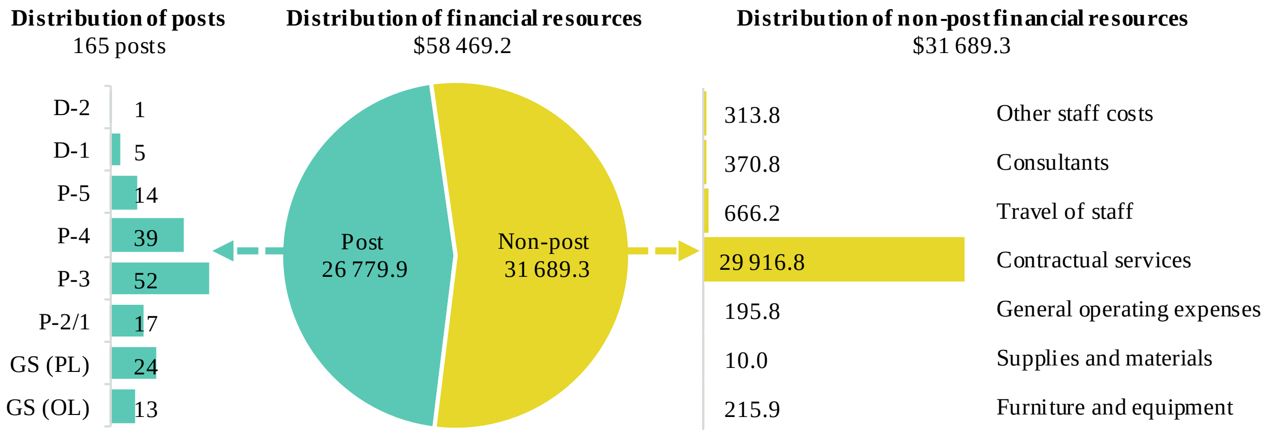
151. The programme administration team is responsible for coordinating the actions relating to the effective administration of the Office's growing number of staff and resource requirements. The team provides support and coordination for budget preparation and monitors the disbursement of funds for Office expenses, certifies payments and travel, works on culture transformation and workforce planning, coordinates the complex procurement of services for the Office and manages the work of the Investments Committee. The team also provides support and guidance to staff of the Office to ensure that administrative actions comply with United Nations regulations and rules.

152. The proposed resources for 2024 amount to $58,469,200 and reflect an increase of $10,046,400 compared with the appropriation for 2023. Additional details are reflected in table 32 and figure XVIII. The proposed increase is explained in paragraphs 137 and 138 (b) above.

Table 32
Programme of work: evolution of financial and post resources (Office of Investment Management)
(Thousands of United States dollars/number of posts)

			Changes				
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*
Financial resources by main category of expenditure							
Post	19 667.7	23 434.7	336.8	3 008.4	3 345.2	14.3	26 779.9
Non-post	20 036.7	24 988.1	–	6 701.2	6 701.2	26.8	31 689.3
Total	**39 704.4**	**48 422.8**	**336.8**	**9 709.6**	**10 046.4**	**20.7**	**58 469.2**
Post resources by category							
Professional and higher		109	–	19	19	17.4	128
General Service and related		33	–	4	4	12.1	37
Total		**142**	**–**	**23**	**23**	**16.2**	**165**

Figure XVIII
Programme of work: distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



Programme support

153. The proposed resources for 2024 amount to $5,484,400 and reflect an increase of $725,900 compared with the appropriation for 2023. Additional details are reflected in table 33. The proposed increase is explained in paragraph 138 (c).

Table 33
Programme support: evolution of financial resources (Office of Investment Management)
(Thousands of United States dollars)

			Changes				
	2022 expenditure	*2023 appropriation*	*Technical adjustments*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*
Financial resources by main category of expenditure							
Non-post	3 690.9	4 758.5	–	725.9	725.9	15.3	5 484.4
Total	**3 690.9**	**4 758.5**	**–**	**725.9**	**725.9**	**15.3**	**5 484.4**

V. Audit

Proposed post and non-post resource requirements for 2024

154. The proposed resources for 2024 amount to $2,212,000 before recosting and reflect a net increase of $12,300 (or 0.6 per cent) compared with the appropriation for 2023, as reflected in table 34.

Table 34
Overall: evolution of financial and post resources by object of expenditure (Audit)
(Thousands of United States dollars)

			Changes							
Object of expenditure	*2022 expenditure*	*2023 appropriation*	*Technical adjustments*	*New initiatives*	*Other*	*Total*	*Percentage*	*2024 estimate (before recosting)*	*Recosting*	*2024 estimate (after recosting)*
Posts	1 104.8	1 212.9	–	–	–	–	–	1 212.9	21.0	1 233.90
Other staff costs	415.7	506.7	–	–	(8.2)	(8.2)	(1.6)	498.5	21.1	519.60
Travel of staff	166.2	26.3	–	–	9.8	9.8	37.3	36.1	–	36.10
Contractual services	423.4	435.9	–	–	18.6	18.6	4.3	454.5	–	454.5
General operating expenses	3.9	9.1	–	–	(4.9)	(4.9)	(53.8)	4.2	–	4.20
Supplies and materials	–	5.1	–	–	(2.8)	(2.8)	(54.9)	2.3	–	2.30
Furniture and equipment	3.2	3.7	–	–	(0.2)	(0.2)	(5.4)	3.5	–	3.50
Total	**2 117.2**	**2 199.7**	**–**	**–**	**12.3**	**12.3**	**0.6**	**2 212.0**	**42.1**	**2 254.1**

Table 35
Overall: proposed posts and post changes for 2024 (Audit)

	Number	*Details*
Approved for 2023	6	1 P-5, 3 P-4, 1 P-3,1 GS (OL)
Proposed for 2024	6	1 P-5, 3 P-4, 1 P-3,1 GS (OL)

Table 36
Overall: proposed posts by category and grade (Audit)

	2023 approved	*Changes*	*2024 proposed*
Professional and higher			
P-5	1	–	1
P-4	3		3
P-3	1	–	1
Subtotal	**5**	–	**5**
General Service and related			
GS (OL)	1	–	1
Subtotal	**1**	–	**1**
Total	**6**	–	**6**

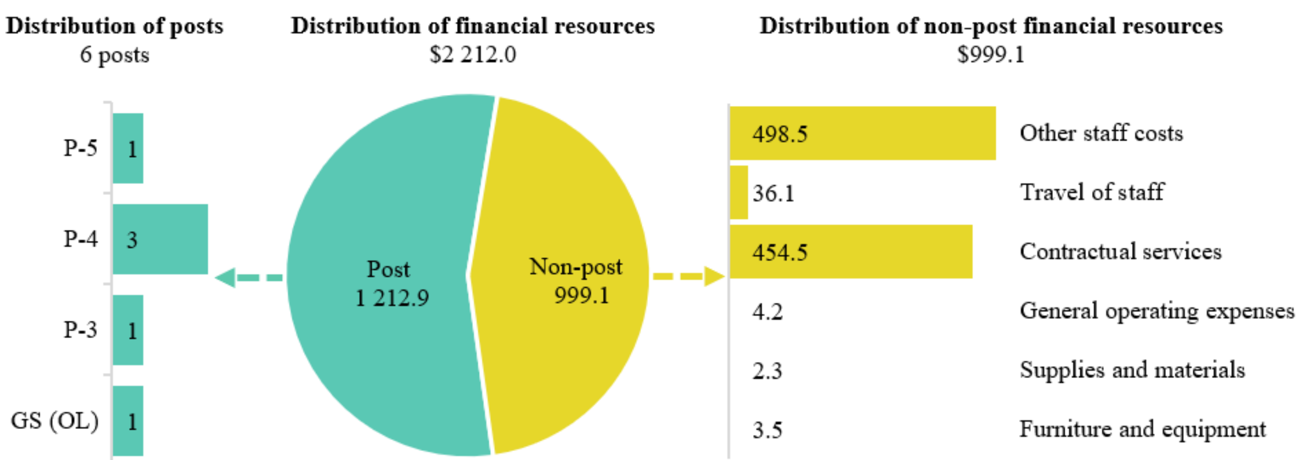
Table 37
Overall: evolution of financial resources by component (Audit)
(Thousands of United States dollars)

Component	2022 expenditure	2023 appropriation	Changes: Technical adjustments	Changes: New initiatives	Changes: Other	Changes: Total	Changes: Percentage	2024 estimate (before recosting)
Internal audit	1 724.0	1 806.5	–	–	(7.4)	(7.4)	(0.4)	1 799.1
External audit	393.2	393.2	–	–	19.7	19.7	5.0	412.9
Total	**2 117.2**	**2 199.7**	**–**	**–**	**12.3**	**12.3**	**0.6**	**2 212.0**

Table 38
Overall: proposed posts for 2024 by component (Audit)

	2023 approved	Changes	2024 proposed
Internal audit	6	–	6
External audit	–	–	–
Total	**6**	–	**6**

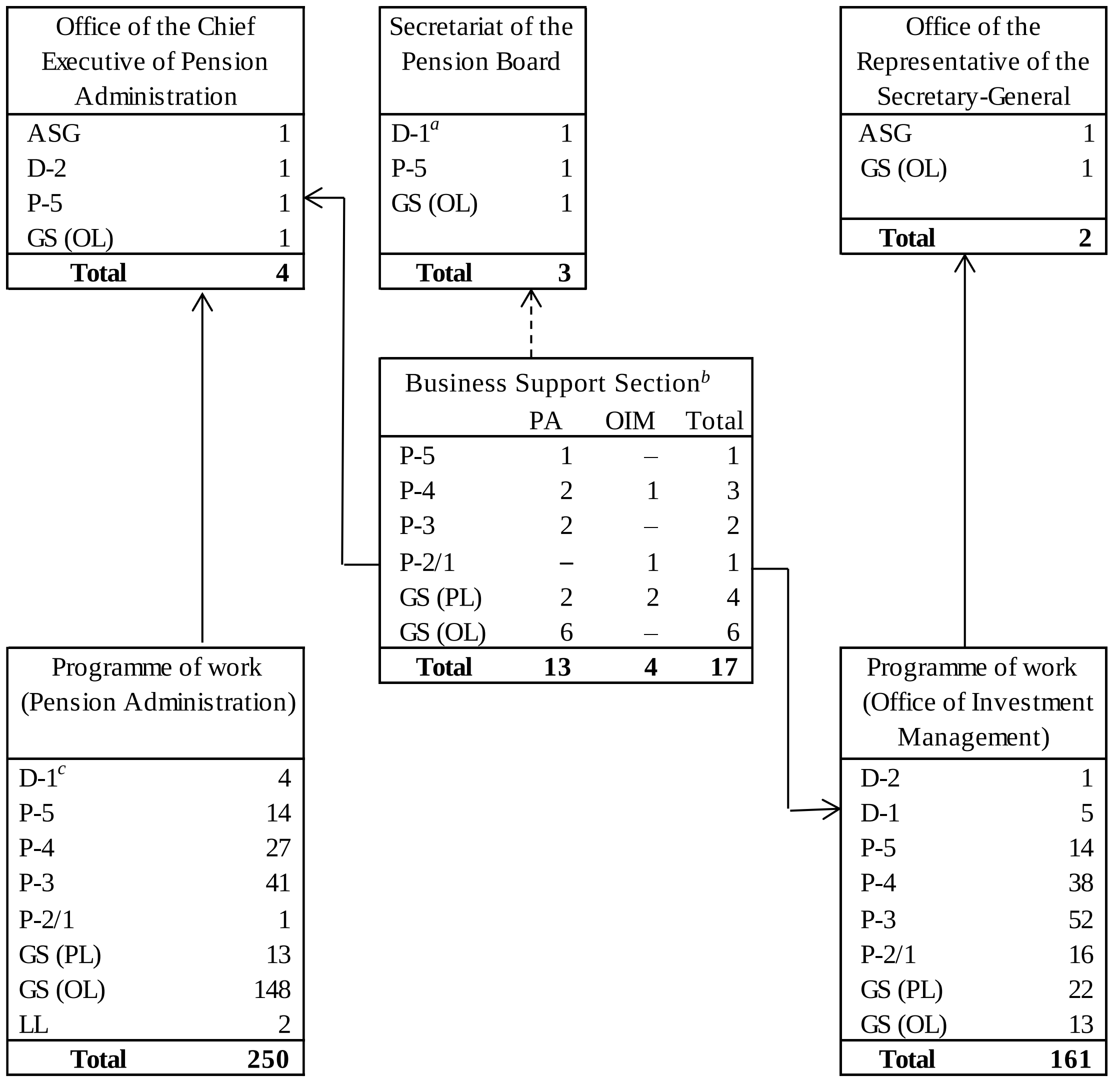
Figure XIX
Distribution of proposed resources for 2024 (before recosting)
(Number of posts/thousands of United States dollars)



155. The net increase of $12,300 reflects an increase of $19,700 under external audit owing to an increase in external audit fees, offset in part by a decrease of $7,400 under internal audit attributable primarily to a decrease in resources for after-service health insurance. The proposal also reflects resources for six posts (1 P-5, 3 P-4, 1 P-3 and 1 General Service (Other level)) and two general temporary assistance positions (1 P-5 and 1 P-4) for 12 months (see annex IV, sect. C below).

Annex I

Proposed organization chart for the United Nations Joint Staff Pension Fund for 2024



Abbreviations: ASG, Assistant Secretary-General; GS (OL), General Service (Other level); GS (PL), General Service (Principal level); OIM, Office of Investment Management; PA, Pension Administration.

[a] The Chief Financial Officer (D-1) in the programme of work (Pension Administration) reports to the Chief Executive of Pension Administration and the Representative of the Secretary-General. The Chief Financial Officer also supervises the Office of Investment Management accounting team.

[b] The posts in the Business Support Section are budgeted separately under the Pension Administration and the Office of Investment Management. The Section has dual reporting lines to the Deputy Chief Executive of Pension Administration and the Chief of Operations of the Office of Investment Management. The Section also provides administrative services to the secretariat of the Board.

[c] The Secretary of the Board reports to the Chair of the Board.

Annex II

Summary of follow-up action taken to implement relevant recommendations of advisory and oversight bodies

A. Advisory Committee on Administrative and Budgetary Questions

Brief description of the recommendation	*Action taken to implement request/recommendation*
(A/76/7/Add.14)	
The Committee recalls that the General Assembly, in its resolutions 71/265, 72/262, 73/274 and 75/246, emphasized the importance of the Fund meeting its long-term objective of an annual real rate of return of 3.5 per cent. The Committee encourages the Fund to renew its efforts to improve the performance of the investments and explore the possibility of increasing its objective. The Committee trusts that a comparison with peers, including non-United States entities, will be provided in the next report (see also A/75/7/Add.18, para. 8, A/74/7/Add.14, para. 14, and A/73/489, para. 18) (para. 9).	The Fund reviews the strategic asset allocation every four years in consultation with the Investments Committee by reviewing the asset and liability management study and the updated long-term capital markets assumption in seeking achievement of the investment return target in the long-term horizon. The investment universe and the benchmark for each asset class will also be reviewed. The Office of Investment Management also conducts the benchmark study to review the asset allocation strategy of its peers. The next asset and liability management study will be submitted to the Pension Board at its 2023 session. The Office of Investment Management will provide comparison with peers, including non-United States entities, in the report on the investments of the Fund and measures undertaken to increase the diversification of the Fund.
The Advisory Committee trusts that information on the result of the audit of the integrated pension administration system will be included in the next report on the Pension Fund and recalls that, in paragraph 22 of its resolution 75/246, the General Assembly requested the Pension Board to conduct proper monitoring through annual reports regarding the status of implementation of the integrated pension administration system, specifically the challenges experienced with regard to the implementation of the system and the enhancements made to address these challenges (para. 14).	The audit of IPAS was completed in December 2021. The audit concluded that IPAS was a stable platform. The audit included several recommendations for improvements, and the Fund's management prepared an action plan to address them. Several audit recommendations have already been implemented. The Pension Board annually considers a report on the status of ICT systems, operations and initiatives, including an update on the status of the IPAS audit recommendations.
Upon enquiry, the Advisory Committee was informed that, on the basis of internal assessments, the five highest risks for the Office were related to the following matters: cybersecurity, staffing (adequate number of qualified staff), reputational risk, diversification of portfolio and investments in private markets (speed of implementation of the investments). The Advisory Committee trusts that a consolidated list of risks will be included in the next report on the Pension Fund (para. 15).	The Office of Investment Management follows a joint enterprise-wide risk management policy and reviews the risk map on a quarterly basis, presenting updates to the Office of Investment Management Risk Committee, the enterprise-wide risk management working group and the Audit Committee. A consolidated list of risks based on the risk map will be included in the Risk and Compliance report to the Board.

Brief description of the recommendation	*Action taken to implement request/recommendation*
The Advisory Committee concurs with the recommendations of the Board of Auditors and stresses again the importance of the expeditious implementation of the recommendations (see also A/74/7/Add.14, para. 40, A/71/621, para. 44, A/72/7/Add.23, para. 52, and A/73/489, para. 31) (para. 17).	The Fund continues to prioritize the implementation of the recommendations made by the Board of Auditors. Additional details on the implementation of previous recommendations are provided in the report of the Board of Auditors for the year ended 31 December 2021 and the year ended 31 December 2022 (A/77/5/Add.16, chap. II, and A/78/5/Add.16, chap. II) and in section B of the present annex.
The Advisory Committee recalls that, in paragraph 42 of its resolution 75/246, the General Assembly stressed the importance of the Fund improving its budget accuracy (see also A/75/7/Add.18, para. 14) (para. 19).	The Fund included specific guidance on budget accuracy in the 2023 budget instructions, urging managers to ensure that resource requirements were reasonable and reflected resources that were expected to be implemented in 2023, with due consideration given to past expenditure patterns and the projection of its key workload drivers (demographic and portfolio developments). Such language will continue to be reflected in future budget guidance. The budget of the Fund differs from those of entities that implement programmatic activities in the United Nations system with respect to funding and coverage in that the estimated administrative expenses, which are funded primarily through investment income and contributions from its member organizations and participating staff members, represent an approved ceiling for reasonable expense levels rather than a mandate to implement an activity or spend. As a result, the budget of the Fund reflects the best estimates, at the time of its formulation, of the administrative resources required to support the smooth, effective and efficient operation and administration of the Fund. During implementation, every effort is made to ensure the full, effective and efficient implementation of the budget. Consequently, any resulting underexpenditure is to be viewed as savings and returned to the Fund rather than the result of low implementation or inaccurate budgeting.
The Advisory Committee encourages the Pension Fund and its member organizations to implement the electronic tools needed to calculate and process benefits accurately and expeditiously (para. 50).	The Fund has made significant progress on financial interfaces with member organizations/reporting entities in the past two years. A total of 23 reporting entities have interfaces to transfer electronically their contributions data with the Fund on a monthly (11) and annual (12) basis. Nine organizations continue to rely on the Fund to produce year-end schedule files. Two additional human resources interfaces were implemented in 2021 and others were enhanced.

Brief description of the recommendation	Action taken to implement request/recommendation
	Overall, these efforts have improved data accuracy and reduced the amount of rework for both Fund staff and staff in member organizations. At the same time, the introduction of new benefits payment channels, new functionalities in the Fund's member self-service portal and the digital certificate of entitlement have allowed the Fund to consistently exceed performance targets for benefits processing.
(A/77/7/Add.10)	
The Advisory Committee recalls that the General Assembly, in its resolutions 71/265, 72/262, 73/274, 75/246 and 76/246, emphasized the importance of the Fund meeting its long-term objective of an annual real rate of return of 3.5 per cent. The Committee notes the investment performance of the Fund for 2021 and encourages the Fund to continue its efforts to improve the performance of its investments (para. 10).	In April 2023, the Representative of the Secretary-General for the investment of the assets of the Fund reported that the value of the assets was recovering in the first months of 2023, having already returned 5 per cent since 31 December 2022, reaching $82.3 billion. The performance of the assets remains above the benchmark of an annualized 3.5 per cent real rate of return over the long-term, ensuring the financial sustainability of the Fund.
The Advisory Committee trusts that additional information on the viability of using derivative instruments, and the absence of any derivative trading so far, will be provided to the General Assembly at the time of its consideration of the present report and that related information will be included in the next report of the Pension Board (see also A/76/7/Add.14, para. 54) (para. 68).	The information will be included in the next report on the investments of the Fund and measures undertaken to increase the diversification of the Fund.

B. Board of Auditors

Request/recommendation	Action taken to implement request/recommendation
(A/76/5/Add.16, chap. II)	
The Board also recommends that the Office of Investment Management enable the broker account module to include the direct broker feeds for the verification of staff members' brokerage accounts to comply adequately with the best practices of the industry and contribute to mitigating the risks related to potential conflicts of interest with the activities of the Fund (para. 121).	The recommendation is under implementation.
(A/77/5/Add.16, chap. II)	
The Board recommends that the Fund carry out an analysis of the categories that present the most significant differences between what is approved and what is executed, to improve the budgetary estimates and thus make budget proposals more accurate and better adjusted to the actual expenditure made in the execution period (para. 27).	The Fund's budget is not to be considered a mandate to implement but a reasonable ceiling of administrative expenses to administer the Fund. Any underexpenditure should be considered savings to be returned to the Fund. The Fund included specific language in the budget guidance urging managers to ensure that requirements

Request/recommendation	*Action taken to implement request/recommendation*
	were reasonable and reflected resources expected to be required considering past expenditure patterns and key workload drivers. Additional scrutiny has resulted in an improved implementation rate. In addition, budget implementation is monitored with the relevant offices throughout the year, and funds are reallocated based on accumulated spending. Delays in budget implementation could be partly attributed to factors that cannot be controlled by the Fund.
The Board recommends that the Fund define and implement key performance indicators linked to the main budgetary categories, for example, staff costs and contractual services, to determine and justify the resource requirements with the governance bodies (para. 32).	In the 2022 and 2023 budget proposals, the Fund introduced key performance indicators and workload statistics by function and not by budget line item. For the 2024 budget proposal, the Fund has introduced key performance indicators and workload statistics by function. For the Pension Administration, new key performance indicators were introduced for the Operations Service and the Client Services Service. The Office of Investment Management uses the real rate of investment return as the most relevant indicator. The Office has defined other performance indicators for specific investment portfolios, which are published on the website and separately monitored. Relevant performance indicators and supplementary information are considered in determining budget requirements and assessing implementation.
The Board recommends that the Pension Administration finalize and implement a formal action plan for each pillar of the strategy, which includes critical success factors, objectives, activities, projects, milestones, staff responsible, key results indicators and key performance indicators (para. 48).	The recommendation is implemented. The Pension Administration has identified and prioritized several projects and initiatives under each of the three strategy pillars. The project managers of those prioritized projects work with their respective project boards to validate and achieve the milestones for each of the deliverables. The Fund tracks and monitors the progress of each of the projects and initiatives. The key performance indicators associated with each of the projects are captured and monitored in a project management tool introduced to monitor the projects and initiatives undertaken in the framework of the strategy. The project plan and associated activities and milestones and other relevant information, such as the staff responsible, are tracked in the tool.
The Board recommends that the Pension Administration enhance the monitoring and regular review of the workplan to ensure the fulfilment of the strategic plan in the remaining period (para. 49).	The recommendation is implemented. The project management tool and its connected business intelligence dashboards are being used to monitor and review the projects and initiatives tied to the three strategy pillars, on a regular basis. The management of the Fund reviews the status of the strategy and related indicators at its meetings and on a regular basis.

Request/recommendation	*Action taken to implement request/recommendation*
The Board recommends that the Pension Administration develop and implement a dashboard incorporating key results and key performance indicators using a business intelligence technology platform to review and monitor performance and assist in taking corrective action, as required (para. 50).	The Pension Administration has defined a set of indicators to measure and monitor the achievement of the strategic plan. The Pension Administration will implement these metrics in a dashboard.
The Board recommends that the Pension Administration take the measures necessary to further define the functions and responsibilities and the terms of reference for both the Business Transformation and Accountability Unit and the Data Analysis Unit (para. 57).	The recommendation is implemented. The Fund updated the functions and responsibilities and terms of reference for the Business Transformation Unit and the Data Analysis Unit.
The Board recommends that the Pension Administration finalize and formalize the workplans, including activities, responsibilities and timelines, given the remaining two years of the strategy, for the Business Transformation and Accountability Unit and the Data Analysis Unit and monitor the progress on and achievement of the objectives of the Units (para. 58).	The recommendation is implemented. The Fund updated the workplans for the Business Transformation Unit and the Data Analysis Unit.
The Board recommends that the Pension Administration set key performance indicators for the Business Transformation and Accountability Unit and the Data Analysis Unit in order to measure their performance and contribution to the achievement of the strategy (para. 59).	The recommendation is implemented. Based on the updated terms of reference for the Business Transformation Unit and the Data Analysis Unit, the Fund identified suitable performance measures for both units that were aligned with the Fund's strategy.
The Board recommends that the Pension Administration develop and implement an action plan in the short term to fix erroneous, missing and incomplete data with business owners of the different processes that input data in the integrated pension administration system, to ensure that the information is accurate for the actuarial valuation and benefits processing by the Fund (para. 72).	The recommendation is implemented. Data quality roles are defined and embedded in the established organizational structure. The business intelligence tool highlights key data issues to provide insight on and direction to the data quality actions. Data quality actions are ongoing, as the offices involved address data issues identified on the business intelligence dashboard and related to their respective area of responsibility, with increasing interaction with the Fund's member organizations.
The Board recommends that the Pension Administration broaden the established benchmarks for main benefits and other key processes, especially those related to participants and beneficiaries, with the purpose of measuring and knowing the overall performance of the Fund better (para. 80).	The recommendation is implemented. The Fund developed a set of key performance indicators for other processes. Key performance indicators include benchmarks for key benefit recalculations such as survivor benefits (after service), deferred benefits and child benefits that become due for payment, and the two-track system. A business intelligence dashboard was developed to enable tracking of the key performance indicators.

Request/recommendation	Action taken to implement request/recommendation
The Board recommends that the Pension Administration carry out an analysis and issue a management information report on the age profile of the Fund’s participants (para. 86).	The recommendation is implemented. The age profile of participants is monitored through an existing report on the participants’ business intelligence reporting tool, which is available to the Fund’s member organizations. From a solvency perspective, the Fund’s evolving participant and retirement patterns are monitored through the biennial experience analysis. The experience analysis is considered by the Committee of Actuaries and subsequently presented to the Pension Board.
The Board recommends that the Pension Administration develop and implement automatic synchronization between both interfaces, in order to avoid the reprocessing of files and potential data inconsistencies (para. 100).	The recommendation is implemented. The Fund has system controls to ensure that files are not reprocessed. Accordingly, no file has been processed twice since the implementation of the human resources and financial interfaces. Moreover, the interfaces have validation controls to reject transactions or data, and this prevents inconsistent data in IPAS.
The Board recommends that the Pension Administration continue to advance and collaborate with the member organizations in the interface implementation project, defining a workplan to increase, in the short term, the financial interfaces of those entities that already have a human resources interface (para. 101).	The recommendation is implemented. The pension interface programme includes a series of projects to support the Fund, enhance and develop interface systems, implement roll-out to member organizations and produce relevant business intelligence dashboards. The Fund has selected member organizations to be onboarded to stage 2 and stage 3 interfaces in the short and medium term. The project direction team for the pension interface programme regularly reviews the progress made. The Fund has identified candidates for the next financial interface projects and is exploring the readiness of those and other organizations and the Fund for implementation.
The Board recommends that the Office of Investment Management establish a procedure and adopt the measures necessary to ensure that investment officers on annual leave or who are absent do not participate in or approve any commercial transaction involving the movement of funds and securities transactions, and that backup staff are in place to ensure that there is no interruption in the process (para. 109).	The recommendation is implemented. The mandatory leave policy has been amended. As a result, a new control mechanism has been implemented which is a proactive measure. The trading privileges of investment officers are suspended when they are on mandatory leave to ensure that they do not participate in transactions.
The Board recommends that the Office of Investment Management strengthen and evaluate its current monitoring mechanism over users’ accounts in the Bloomberg system in order to keep track of the investment officers who can approve transactions through the system during staff leave or absences (para. 110).	The recommendation is implemented. A new control mechanism has been implemented which is a preventive measure. The trading access of investment officers in the Bloomberg system is suspended when they are on mandatory leave, thus ensuring that they do not approve transactions. With regard to annual leave, it is not possible to monitor

Request/recommendation	Action taken to implement request/recommendation
	users' accounts, as an investment officer may take a sick day or an afternoon off, and it would be impractical to suspend access for an afternoon or for 24 hours.
The Board recommends that the Office of Investment Management strengthen and update the current procedure for brokers and counterparties, including the standards that brokers and counterparties need to meet, the reports and reviews currently carried out by the risk team and the Risk Committee and the criteria that need to be weighed and evaluated in the removal of or decision to retain brokers and counterparties. (para. 119).	The recommendation is under implementation.
The Board recommends that the Office of Investment Management re-evaluate the current application of the evaluation report used for the evaluation of brokers and counterparties and enhance their monitoring, in order to ensure that these are assessed in accordance with the service or transactions provided during the period under evaluation, with the purpose of measuring actual performance and preventing the Best Execution Committee from making any erroneous decisions (para. 132).	The recommendation is under implementation.
The Board recommends that the Office of Investment Management establish a maximum term in the investment process for private markets as from their first and second approvals to the signing of the agreements of no more than one calendar year, in order for it to be properly aligned with the annual strategic plan and pacing strategy for private markets (para. 141).	The recommendation is implemented. The investment procedures have been revised to establish a maximum term for private markets from the first and second approvals of no more than one calendar year.
The Board recommends that the Office of Investment Management evaluate and redesign its current mechanism for monitoring the monthly requirements, in order to ensure that compliance with the monthly review is strictly fulfilled, with the purpose of adopting the measures necessary to address cases in which deviations are detected (para. 152).	The recommendation is implemented. The Office of Investment Management has developed and implemented an electronic solution for monitoring the requirements.
The Board recommends that the Office of Investment Management develop and implement an electronic platform or solution that allows for the receipt of the reports by external managers in order to track all requirements and delays incurred by each external manager to ensure the timely review by the Office (para. 153).	The recommendation is implemented. The Office of Investment Management has developed and implemented an electronic solution that allows for the receipt of the reports by external managers in order to track all requirements and delays incurred by each external manager to ensure the timely review by the Office.

Annex III

Proposed post changes by component

A. Pension Administration

Component	*Posts*	*Level*	*Description*	*Reason for change*
Programme of work	1	P-5	**Establishment** of 1 post of Senior Information Systems Officer	There has been a significant increase in demand for business intelligence solutions since 2020. Over 30 new dashboards, each of which has multiple pages, have been produced and many more are under development or awaiting development. The Senior Information Systems Officer would be responsible for: (a) implementing, maintaining, enhancing, documenting and overseeing the business intelligence solutions for all business units across the Fund, for both internal and external stakeholders, including oversight bodies; (b) supervising at least one internal developer/analyst and managing external developers/analysts; (c) ensuring stable and up-to-date dashboard operations; (d) managing projects and system changes to ensure that business intelligence solutions meet evolving client expectations and needs; (e) working with relevant stakeholders to resolve existing and related audit recommendations; and (f) assisting in data cleansing exercises to improve data quality.
	1 1	P-4 P-3	**Establishment** of 2 posts of Information Systems Officer	The Pension Administration is insourcing the Fund's server hosting services as it migrates its applications to the cloud. The hosting of its applications on the cloud is in line with the strategy of the Pension Administration to modernize its pension services and is expected to result in increased security of data, increased speed and lower costs. Given the criticality of continuous operation at the Fund's four offices (New York, Geneva, Bangkok and Nairobi) and the increased pressure to provide stable operations 24 hours a day for the Fund's clientele, which are spread across over 180 countries and territories, the establishment of 2 posts of Information Systems Officer (one in New York and one in Geneva) to serve as server and network engineers would be critical for the continued health of the Fund's application servers. The Information Systems Officer (P-4) to be based in New York would assume the lead responsibility and would coordinate with the Information Systems Officer (P-3) to be based in Geneva. The incumbents would maintain continuous operations by covering 14 hours a day and being on call in case of emergency. The Pension Administration currently spends approximately $2.8 million annually on hosting its applications on physical servers. Migrating the Fund's applications to the cloud is expected to save approximately $1.6 million (at current rates) annually starting in 2025, after taking into consideration the annual cost of the two posts.
	1	GS (PL)	**Establishment** of 1 post of Senior Finance and Budget Assistant	In its resolution 77/258, the General Assembly requested the Pension Board to strengthen its efforts to improve budget accuracy, in line with the recommendations of the Board of Auditors and the Advisory Committee on Administrative and Budgetary Questions. To address those concerns, the Fund is proposing the establishment of a Senior Finance and Budget Assistant post to strengthen the Budget Unit in performing its functions. The Senior Finance and Budget Assistant would serve as the first point of escalation for complex administrative issues related to budget management and would assist managers in finalizing cost estimates and articulating resource justifications to ensure that proposals are adequately justified in line with the relevant administrative and financial regulations and rules. The incumbent would periodically monitor budget implementation and recommend reallocation of funds as necessary, review and analyse past expenditure and support budget officers with data preparation to respond to queries from legislative and governing bodies.

Component	Posts	Level	Description	Reason for change
				With the current configuration of two Professional and one General Services staff members, the Budget Unit lacks adequate capacity to support managers in budget monitoring, including monitoring of open commitments, and undertaking in-depth data analysis. A Senior Finance and Budget Assistant with extensive experience in budget monitoring and data analysis, along with a comprehensive understanding of the United Nations financial systems, in particular Umoja, would help improve budget monitoring and expenditure tracking, ultimately enhancing budget accuracy and improving productivity for the entire budget function within the Fund.
	1	GS (OL)	**Establishment** of 1 post of Benefits Assistant	The proposed Benefits Assistant post would allow for appropriate resourcing of Client Services in Geneva to handle the two-track workflows. The current workload, which already stretches the capacity of the client services team in Geneva, is projected to increase, in particular as the two-track workflows are assigned to Client Services in Geneva, in line with ongoing process alignments in the Pension Administration. The establishment of the post would address the need for staffing resources in the Geneva office for the two-track payment workflow, aligning the staffing in the Geneva office more closely with that of the New York office. It would also help to address the backlog.
	(1)	P-3	**Redeployment** of 1 post of Contract Management Officer	The posts of Contract Management Officer and Administrative Assistant in the Contract Management Unit of the Information Management Systems Service would be redeployed to the Sourcing Coordination Unit, which is to be established in the Business Support Section.
	(1)	GS (OL)	**Redeployment** of 1 post of Administrative Assistant	
	(1) 1	P-4 P-5	**Reclassification** of 1 post of Finance and Budget Officer (P-4) as Senior Finance and Budget Officer (P-5)	The Budget Unit plays a vital role in managing the finances of the Fund. It reports to both the Chief Executive of Pension Administration and the Representative of the Secretary-General for the investment of the assets of the Fund, through the Chief Finance Officer. The Chief of the Budget Unit is responsible for coordinating the budget formulation process and overseeing its execution across the four components of the Fund. The unit also supports legislative and governing bodies by providing reports and updated information to facilitate decision-making. The General Assembly, in its resolution 77/258, requested the Pension Board to improve budget accuracy, consistent with the recommendations of the Advisory Committee on Administrative and Budgetary Questions and the Board of Auditors. Addressing these concerns requires frequent and detailed monitoring of budgets as well as timely communication with managers to ensure improved financial planning and prudent resource management. With budget formulation and reporting now being done on an annual basis, there is an increased level of expectation in terms of the deliverables of the Unit. The work of the Budget Unit has evolved to encompass a more strategic approach and greater integration with other functions, in the context of advising on financial management matters and proposing solutions, to ensure that resource requirements and utilization are aligned with the Fund's overall strategy and business objective, thereby enhancing effective decision-making and improving financial outcomes. The Unit frequently collaborates with counterparts in the United Nations Secretariat, in particular the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, in managing service-level agreements. The Unit is also responsible for formulating the budget for the secretariat of the United Nations Staff Pension Committee and the reimbursement by the United Nations for services provided by the Fund, and reviews cost-sharing methodologies and conducts periodic surveys to establish standard costs. This involves maintaining a working relationship and communicating with counterparts in the United Nations Secretariat regarding payment, service quality and audit-related issues.

Component	Posts	Level	Description	Reason for change
				The reclassification of the post of Finance and Budget Officer as Senior Finance and Budget Officer would strengthen the incumbent's capacity to provide direct input related to the resource implications of key decisions and to ensure that financial considerations are taken into account in all aspects of the Fund's operations, with the aim of improving budget accuracy. With greater access to senior management and participation in management discussions on resource planning, the Senior Finance and Budget Officer would facilitate better communication and collaboration across the Fund, leading to more effective financial planning, management and decision-making.
	(1) 1	P-3 P-4	**Reclassification** of 1 post of Benefits Officer	The Pension Entitlement Section continues to evolve and modernize in order to meet the needs of clients and contribute to the Fund's client-focused, action-oriented, relations-builder and efficacy-driven (CARE) strategy. Over the past few years, the volume of work handled by the Section in New York has increased significantly, with a large number of new benefits cases (entitlements and recalculations) being processed each year. In 2020, 12,815 new benefits cases were processed, which increased to 13,790 cases in 2021 and decreased slightly to 13,307 cases in 2022. It is projected that 14,300 will be processed 2023. In addition, the number of complex projects aimed at improving and streamlining processes involving multiple stakeholders has increased substantially. Many of these projects require the support of a senior member of the Section in New York. As a result, the Benefits Officers (all P-3), who already have heavy responsibilities managing the day-to-day work, are increasingly being called upon to work on these higher-level projects with higher-level responsibilities. The upcoming projects that will require senior-level support include: (a) The expansion of the initiative to automate the separation notification form (the PF4 initiative) to other organizations after a successful pilot with the United Nations. The Chief of the Section was heavily involved in the pilot project. It is planned that a staff member at the P-4 level would lead further implementation, which would involve numerous stakeholders. UNICEF and UNDP are next in line for implementation of this project; (b) Streamlining the processes for benefits processing, including article 32 (deferment of choice) and survivor benefits, and development of new robotic processes, planned for 2024 and 2025. These initiatives would require senior-level support from the Section in New York, making the P-4 post essential in meeting the demands of these additional projects. To address these needs, the reclassification of one Benefits Officer (P-3) post to the P-4 level is being requested. This will allow for the appointment of a Senior Benefits Officer to assume important project work, provide input on resource implications for the Section, manage the recruitment process and ensure that audit and resource management considerations are integrated into all aspects of the work of the Section in New York. In addition, the incumbent would act as Deputy Chief of the Section, assisting in orienting the Section's focus to a more strategic approach. As the Section has evolved over the years, it has become more urgent to have a Deputy Chief to support the Chief of the Section. The Deputy Chief would be tasked with providing analyses and other technical input in respect of systems and processes used by the Section and advising on the design and evaluation of new or enhanced systems and would ensure the implementation of changes in the Regulations and Rules of the Fund or the pension adjustment system as approved by the General Assembly. The Deputy Chief would also allow for better communication and collaboration with other sections of the Fund, leading to more effective planning, management and decision-making within the Section to allow for more strategic partnerships and decision-making.
	2	GS (OL)	**Conversion** of 2 Accounting Assistant positions to posts	See annex IV for details.

Component	Posts	Level	Description	Reason for change
Programme support	1	P-4	**Establishment** of 1 post of Administrative Officer	The incumbent of the proposed Administrative Officer post would lead the Sourcing Coordination Unit and spearhead efforts to address the recommendations of the Office of Internal Oversight Services by providing expert advice and guidance on procurement and contract management within the Pension Administration. The incumbent would be responsible for consolidating procurement planning and assisting in drafting requirements such as specifications, statements of work and terms of reference, and associated technical evaluation criteria. The incumbent would oversee the Unit, which would be responsible for raising shopping carts, ensuring that sufficient funds are available, providing advice during technical evaluations as an ex-officio member of the technical evaluation committee, accepting goods and services delivered by vendors, creating receiving and inspection reports in Umoja and assisting end users in contract management duties, including vendor performance evaluation.
	1	GS (OL)	**Establishment** of 1 post of Administrative Assistant	The proposed establishment of an Administrative Assistant post would strengthen the Business Support Section in performing its support services. The incumbent would be responsible for supporting the human resources and training teams in the planning and coordination of events, in preparing reports and in providing general administrative support services to the Section and its clients. The incumbent would coordinate the issuance of comprehensive established and ad-hoc administrative and human resources-related reports to support management in data-driven decision-making, in line with the Fund’s human resources strategy, and in response to queries from oversight and governing bodies and other stakeholders. The incumbent will also manage the teams’ filing system in SharePoint and the official status files in the Personnel Records Unit in the Department of Operational Support and coordinate demands generated by a ticketing system to help monitor workload and increase efficiencies in the Section. An Administrative Assistant with hands-on experience in information technology systems and software, such as Umoja, Inspira, databases and Microsoft 365, including expertise in Excel and SharePoint, as well as ticketing system experience, would help improve coordination and ultimately enhance the services extended by the Business Support Section to the Fund.
	1	P-3	**Redeployment** of 1 post of Contract Management Officer	The posts of Contract Management Officer and Administrative Assistant in the Contract Management Unit in the Information Management Systems Service would be redeployed to the Sourcing Coordination Unit, which is to be established under the Business Support Section.
	1	GS (OL)	**Redeployment** of 1 post of Administrative Assistant	
	(1) 1	GS (OL) GS (PL)	**Reclassification** of 1 post of Facilities Management Assistant as Senior Facilities Management Assistant	The facilities management team is integrated in the Business Support Section and is responsible for all facilities-related activities for the Pension Administration, the Office of Investment Management and the secretariat of the Pension Board. It is responsible for evaluating the space and equipment needs of clients and determining the appropriate space allocation. It is also responsible for preparing space layouts showing the arrangement of rooms and equipment and for the presentation of proposals for efficient space distribution. It coordinates construction projects and office moves and prepares and issues work orders and blueprints for managing and maintaining the property and office space. The team is also responsible for managing and maintaining the Fund’s emergency notification system and plays a vital role in the business continuity plan for the organization. With the increased number of staff in the Fund and several renovation projects planned, the facilities management team has seen a significant increase in the volume and complexity of requests. The reclassification of the position of Facilities Management Assistant as Senior Facilities Management Assistant would enhance the incumbent’s capacity to meet the increased demand on the team and better align with expectations from

Component	Posts	Level	Description	Reason for change
				clients. With greater access to senior management and participation in management discussions on planning and construction, in particular, the Senior Facilities Management Assistant would facilitate better communication and collaboration across the organization, leading to more effective facilities management and planning. In addition, the Senior Facilities Management Assistant would collaborate with counterparts in the United Nations Secretariat, in particular the Facilities and Commercial Activities Service and the Procurement Division in the Department of Operational Support, as well as the Department of Safety and Security, in coordinating and planning requirements. The incumbent would be responsible for maintaining a working relationship and communicating with the counterparts in the United Nations Secretariat regarding payment, service quality and audit-related issues. Overall, the reclassification of this position would elevate the importance of facilities management within the organization, with the aim of providing better services to clients.

Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

B. Office of Investment Management

Component	Posts	Level	Description	Reason for change
Executive direction and management	(6)	1 P-5, 1 P-4, 2 P-3, 1 P-2 and 1 GS (OL)	**Outward redeployment** of the legal team	Proposed outward redeployment of 6 posts from executive direction and management to programme of work.
Programme of work	6	1 P-5, 1 P-4, 2 P-3, 1 P-2 and 1 GS (OL)	**Inward redeployment** of the legal team	Proposed inward redeployment of 6 posts to programme of work from executive direction and management.
	1	P-4	**Establishment** of 1 post of Investment Officer	The establishment of a post of Investment Officer in private markets is proposed. The incumbent would evaluate and execute co-investment opportunities that would complement the funds portfolio. The goal is to help generate returns by lowering overall fees and incentive payments and taking advantage of attractive investment opportunities during various stages of the economic/market cycle. The role involves conducting due diligence, working with internal teams and external advisors to execute transactions, preparing investment materials for approval, and monitoring and managing individual co-investment performance.
	1	P-4	**Establishment** of 1 post of Investment Officer	The incumbent of the proposed post of Investment Officer, head of the sustainable investing team, will oversee sustainable investing activities across all asset classes, lead the team and support the integration of environmental, social and governance factors in the investment process. The Fund has set sustainable investment targets, such as achieving net zero by 2050 and creating an enhanced climate strategy, which require a P-4 level staff member to lead the Fund's long-term strategy and to maintain its leading position as a sustainable investor.
	1	P-3	**Establishment** of 1 post of Investment Officer	The proposed post of Investment Officer for the sustainable investing team is required to monitor the investment activities of private markets and to conduct sustainable investment-based due diligence. The incumbent will also be responsible for developing and implementing the impact investing strategy for all asset classes, researching industry best practices and supporting the development of the policies and procedures of the Office of Investment Management for impact investment. In addition, the incumbent will assist the Chief Investment Officer in exploring investment opportunities for the Fund and contribute to the environmental, social and governance private market strategy.

Component	Posts	Level	Description	Reason for change
	1	P-4	**Establishment** of 1 post of Legal Officer	The proposed establishment of a post of Legal Officer will contribute needed additional resources to the existing legal team. The establishment of the post will allow for a dedicated full-time P-4 Legal Officer to support asset allocation to private market investments and the ongoing diversification of sector-specific investments within such asset classes. The Office of Investment Management expects to continue to add new relationships with private equity fund managers and participate in co-investment opportunities with short time frames from initiation to closing. It is expected that no fewer than seven investments with an estimated value of more than $1 billion will be in the negotiation stage at any given time. This post would provide needed support for such activities.
	1	P-2/1	**Establishment** of 1 post of Associate Legal Officer	The proposed establishment of a post of Associate Legal Officer will allow for the continuation of the legal work performed at the P-2 level within the legal team. The team currently has two P-2 Associate Legal Officer posts, one of which is funded through the Junior Professional Officers Programme. The funding provided through the Programme will end in March 2024. Both the existing post and the post funded through the Programme are fully utilized. Without this post, the Office of Investment Management will not be able to respond in a timely manner to requests by counterparties for legal documentation required for the counterparties to provide essential brokerage, custodial and other services.
	1	GS (OL)	**Establishment** of 1 post of Information Technology Assistant	The proposed establishment of a post of Information Technology Assistant is crucial to the provision of support to the staff of the Office of Investment Management, whose number has increased over the past two years. The incumbent will support staff, manage the endpoint database, assist the team with Microsoft Intune, manage Verizon and Apple business manager portals, manage the migration to ServiceNow and handle business applications and inventory.
	1	GS (PL)	**Establishment** of 1 post of Senior Information Assistant	The incumbent of the proposed post of Senior Information Assistant will be a vital part of the information security team. The team is responsible for supporting information security and business continuity aligned with ISO 27001 and ISO 22301 standards. The Senior Information Assistant will manage security operations, including security information event management systems, vulnerability assessment management, mobile security and identity access management. In addition, the incumbent will assist with the ongoing development, maintenance and support of the data security framework of the Office of Investment Management. The Senior Information Assistant will also contribute to the information technology vendor risk management framework related to information security and business continuity management.
	1	P-2/1	**Establishment** of 1 post of Associate Human Resources Officer	The proposed establishment of a post of Associate Human Resources Officer is required to provide human resources support for the increased number of staff in the Office of Investment Management. This includes human resources services in a variety of areas, such as classification, recruitment, onboarding, entitlement administration, training, performance management, and conduct and discipline. The incumbent will focus primarily on onboarding, training and performance management, while also undertaking the full range of human resources activities. This additional resource would ensure that every staff member in the Office receives the necessary human resources support.
	1	P-3	**Establishment** of 1 post of Programme Management Officer	The proposed establishment of a post of Programme Management Officer (Change Management) is needed to support change management initiatives within the Office of Investment Management. The incumbent will conduct analyses to identify risks and produce assessments of change readiness, implement change initiatives and assess the impact of change on staff and stakeholders. In addition, the incumbent will research and introduce new change methodologies and tools, providing input and

Component	Posts	Level	Description	Reason for change
				support for communication and training, and managing activities focused on expanding the change management capability across the Office.
	1	P-2/1	**Establishment** of 1 post of Associate Data Analyst	The proposed establishment of a post of Associate Data Analyst will support the data analytics and business applications team in achieving data and analytics goals, including incorporating the financial data warehouse into the data architecture of the Office of Investment Management. The Office currently has more data engineering requests than it can fulfil and expects growth in this area, making this post necessary to meet current needs and lay the foundation for future growth.
	1	GS (OL) to GS (PL)	**Reclassification** of 1 post of Human Resources Assistant as a Senior Human Resources Assistant	The proposed reclassification from G-6 to G-7 is required because the scope and complexity of the functions of the post have changed significantly since its establishment in 2020. The functions of the post have increased from support to hiring managers to independently handling classification and recruitment processes, providing advice to hiring managers on recruitment policies, supporting training activities, delivering human resources training, advising staff on performance management, backing up human resources partner activities and handling the data analysis activities for senior management and governing bodies. The necessary level of understanding of human resources policies and procedures has also increased.
	2	P-2/1	**Conversion** of 2 positions of Associate Accountant to posts	See annex IV for details.
	3	P-3	**Conversion** of 3 positions of Accountant to posts	See annex IV for details.
	1	GS (PL)	**Conversion** of 1 position of Senior Accountant Assistant to a post	See annex IV for details.
	1	P-4	**Conversion** of 1 position of Risk Officer to a post	See annex IV for details.

Abbreviations: GS (OL), General Service (Other level); GS (PL), General Service (Principal level).

Annex IV

Comprehensive review of the general temporary assistance positions

1. In its resolution 75/246, the General Assembly requested the Pension Administration and the Office of Investment Management to review all the general temporary assistance positions of the Fund with a view to identifying potential duplication of functions and efficiencies, while ensuring that their establishment and management complied with the applicable Assembly resolutions and the Staff Regulations and Rules of the United Nations, notably in terms of responding to peak workload. Accordingly, the Fund performed a comprehensive review of its general temporary assistance positions, with the findings reflected in the budget proposals for 2022 and 2023. The findings remain valid and are presented in the 2024 budget proposal, with proposed position actions aimed at stabilizing the Fund's workforce consistent with the recommendation of the Advisory Committee on Administrative and Budgetary Questions.

Pension Administration

2. The comprehensive review of general temporary assistance positions undertaken by the Pension Administration identified some functions performed by temporary staff as core and critical to the operations of the Fund. The Advisory Committee on Administrative and Budgetary Questions recommended a phased approach to converting such positions to post. Accordingly, the General Assembly, in its resolutions 76/246 and 77/258, approved all but two of the proposed conversions of positions to posts. The positions that were not converted continue to undertake core work. The Fund also continues to be faced with the challenge of attracting suitably qualified candidates for its temporary positions for these core functions. The use of temporary positions for core long-term functions does not fit the intended and defined purpose of temporary positions, results in more frequent staff turnover, especially in a high-turnover job market, and is not a sustainable means to retain talented staff and increase productivity.

3. In order to address its staffing needs, the Pension Administration is requesting the following:

(a) Conversion of two positions proposed for conversion but not approved in 2023;

(b) Continuation of five positions;

(c) Creation of 13 positions;

(d) Discontinuation of one position.

4. To provide more transparency, the Fund has adjusted the presentation of requests for general temporary assistance positions to indicate the date the utilization of each temporary position is expected to cease, as reflected in table A below.

A. Pension Administration: proposed general temporary assistance positions

Title	*Level*	*2023 approved positions*	*Proposed action*	*Conversions to post*	*2024 proposed general temporary assistance positions*	*Position needed until*	*Duration of the positions proposed for conversion as at 31 December 2023 (number of years)*	*Justification*
Programme of work								
Accounting Assistant	GS (OL)	2	Conversion	(2)	–	–	2	Conversion is requested for the two positions of Accounting Assistant in the Accounts Section performing core functions related to contributory service purchase workflows for Geneva-based participants with higher work volumes. The incumbents support the monthly financial interface project, which, given the progress made, requires a stable and dedicated team to manage its implementation on an ongoing basis.
Information Systems Assistant	GS (OL)	1	Continuation	–	1	2024	2	To provide information technology support to the Geneva office.
Benefits Assistant	GS (OL)	1	Continuation	–	1	2025	1	The Benefits Assistant would provide additional support to member organizations in collecting separation documents and promptly submitting them to the Fund, work with member organizations to reduce the stock of missing documents, especially for long-outstanding cases (five years or longer), continuously keep the stock for a maximum period of five years and continuously report on progress in the separation process to the United Nations Staff Pension Committee and other constituents.
Benefits Assistant	GS (OL)	1	Continuation	–	1	2025	2	To support the workload in the Client Services Service, including dealing with participant, retiree and other beneficiary enquiries, assisting in carrying out special projects that may be assigned, providing support to core client services functions, maintaining productivity levels and increasing output during peak workload periods to ensure responsive, quality service, and addressing any new challenges as they arise.
Information Systems Officer	P-3	1	Continuation	–	1	2025	1	In 2024, in line with the approved strategic goals, the Pension Administration will continue to maintain its focus on the implementation of the client simplification and process improvement initiatives. Accordingly, resources are requested for one Integration Specialist in the Information Management Systems Service who will provide: (a) dedicated business intelligence expertise; (b) operational support for the new customer relationship management system; and (c) management of the corresponding infrastructure.
Accounting Assistant	GS (OL)	–	New	–	1	2026	–	This position is requested for the Accounts Section to be part of a working group to support the data cleansing effort for IPAS. The working group aims to clean up data in the IPAS participant accounts and employment demographics by eliminating discrepancies and inaccuracies for approximately 300,000 dependants and 3,000 staff, as well as 20,000 employment data records, ahead of the IPAS upgrade.

Title	Level	2023 approved positions	Proposed action	Conversions to post	2024 proposed general temporary assistance positions	Position needed until	Duration of the positions proposed for conversion as at 31 December 2023 (number of years)	Justification
Accounting Assistant	GS (OL)	–	New	–	1	2025	–	The Payments Section is requesting this position to support special projects related to estate payments and workflow clean-up. Estate payments involve a lengthy process of identifying a valid estate and obtaining all necessary legal documents before issuing a payment, which can easily take several years to complete and require ongoing communication and extended periods of waiting. To manage these slow-moving estate payment cases effectively, it is important to maintain and track the case profile and status, and to send reminders for due diligence. Over the years, there has been a gradual build-up of estate payment cases, which now needs critical attention to bring the numbers down to a manageable level. The incumbent of this position would streamline the laborious process and resolve a significant number of long-standing cases. Furthermore, there are number of inactive workflows that need attention. The incumbent would also participate in a project to clean up these idle workflows, promoting a more efficient and organized workflow data management system.
Benefits Assistant	GS (OL)	–	New	–	2	2025	–	These positions are requested for the Pension Entitlement Section of the Operations Service to review, follow up and clear the accumulated inventory of open workflows with missing payment instructions and clear the article 32 and deemed deferred cases.
Benefits Assistant	GS (OL)	–	New	–	3	2026	–	These positions are requested for the Operations Support Section to be part of a working group to support the data cleansing effort for IPAS. The working group aims to clean up data in the IPAS participants accounts and employment demographics by eliminating discrepancies and inaccuracies for approximately 300,000 dependants and 3,000 staff, as well as 20,000 employment data records, ahead of the IPAS upgrade.
Benefits Assistant	GS (OL)	–	New	–	1	2026	–	This position is requested for the Records Management and Quality Control Unit in the Operations Support Section to provide administrative support related to the digital certificate of entitlement, including conducting user acceptance testing of new versions of the digital certificate of entitlement, training the digital certificate of entitlement support team on new functionalities and versions, helping with outreach to retirees who have not yet enrolled in the digital certificate of entitlement and providing direct support to retirees in enrolling and issuing digital certificates of entitlement through video calls and in-person visits to the Fund.
Benefits Assistant	GS (OL)	–	New	–	1	2026	–	This position is requested for the Pension Entitlement Section in Geneva. The incumbent would provide support in pension entitlement recalculations, which have almost tripled, from 785 cases in 2020 to 2,280 cases in 2022, and are expected to continue to increase owing to the increase in geopolitical disruptions. The position would help reduce the backlog in the processing of recalculation workflows, and minimize the delay in the follow-up and processing of death and local track cases, forfeiture and termination.

Title	*Level*	*2023 approved positions*	*Proposed action*	*Conversions to post*	*2024 proposed general temporary assistance positions*	*Position needed until*	*Duration of the positions proposed for conversion as at 31 December 2023 (number of years)*	*Justification*
Change and Project Management Officer	P-3	–	New	–	1	2026	–	The position is requested for the Client Services Service to provide major project work support during the deployment of the customer relationship management system and the IPAS upgrade projects.
Benefits Assistant	GS (OL)	–	New	–	2	2026	–	These positions are requested for the Clients Services Service to backfill the respective teams that would be heavily involved in the deployment of the customer relationship management system and the IPAS upgrade projects, which would require full-time assignment of at least two subject matter experts at the G-6 level from Client Services in New York and Client Services in Geneva to these projects.
Information Systems Officer	P-3	–	New	–	1	2026	–	This position is requested for the Enterprise Applications Section in the Information Management Systems Service. With the upcoming major system implementations, including a new customer relationship management system, a new payments platform, the upgrade of the financial system, the migration of application servers to the cloud and the upgrade of IPAS to a cloud-based pension administration system, thorough and accurate testing will be essential to ensure successful implementation. To address this need, the Fund intends to implement modern testing automation tools to perform various types of testing efficiently and effectively. At the same time, many tests are cross-sectional, thus requiring effective coordination and management. Hence it is expected that the incumbent would have extensive experience in testing automation tools and quality assurance/regression testing coordination. The incumbent would be responsible for implementing testing automation tools, creating a test script library, developing test scripts for the business as required, coordinating the business units to create cross-sectional test scripts and assisting the business in executing the testing automation tools as required.
Programme support								
Human Resources Officer (Training and Development)	P-3	1	Continuation	–	1	2024	2	The Fund will continue to utilize this position to support its human resources and training strategies. The incumbent will be responsible for coordinating and leading the training and development initiatives of the Fund. This position will also provide a level of welfare support.
Chief, Business Support Services Unit	P-5	1	Discontinuation	(1)	–	–	–	This position is no longer required.
Total, Pension Administration		**8**		**(3)**	**18**			

B. Office of Investment Management: proposed general temporary assistance positions

Title	*Level*	*2023 approved positions*	*Proposed action*	*Conversions to post*	*2024 proposed general temporary assistance positions*	*Position needed until*	*Duration of the positions proposed for conversion as of 31 December 2023 (number of years)*	*Justification*
Programme of work								
Associate Accountant	P-2/1	1	Conversion	(1)	–	–	2	Conversion is requested for the position of Associate Accountant to established post to continue to support the expansion of markets in emerging markets and provide additional back-office support for the Asia-Pacific market hours. The role involves ensuring quality control over trade capture and validation, validating trade details using Omgeo and focusing on daily reconciliation functions to finalize daily position and cash reconciliation as early as possible each morning. The function has been supported by general temporary assistance funds for the last two budget cycles.
Accountant	P-3	1	Conversion	(1)	–	–	2	The proposed conversion of the position of Accountant to established post is necessary to continue to support the securities lending programme, which requires oversight of the securities lending agent. Tighter deadlines for instructions to custodians have increased trade settlement risk. The Accountant will monitor the trade settlement blotter daily to facilitate faster post-trade matching and settlement functions. The Accountant will monitor the accuracy of “manufactured” economic benefits and additional disclosures for financial reporting purposes. The Accountant will be responsible for monitoring service provider reports and fees. Without this position, the operations team of the Office of Investment Management cannot monitor the securities lending programme and fulfil financial reporting requirements. Conversion is being requested owing to the approach of the final implementation of the programme and the successful completion of the operational readiness phase.
Accountant	P-3	1	Conversion	(1)	–	–	2	The conversion of the position of repurchase Accountant to established post is proposed to continue to support repurchase agreement transactions. Repurchase agreement and reverse repurchase agreement trades are done over the counter, with terms ranging from overnight to a few weeks. These transactions require margin and collateral management and monitoring. The Accountant is needed to set up new counterparties, monitor trade matching, and manage cash and security movement and reconciliation for these transactions. The Accountant will also ensure that the security transferred meets the collateral haircut requirement based on the master repurchase agreement signed by both counterparties and the Fund. Without this position, the operations team would not be able to process repurchase transactions on time, resolve disputes through reconciliation and valuation challenges related to margin and collateral, monitor activities for pledged securities and fulfil additional disclosure requirements for financial reporting purposes. The conversion is being requested owing to the approach of the final implementation of the programme, the successful completion of

Title	Level	2023 approved positions	Proposed action	Conversions to post	2024 proposed general temporary assistance positions	Position needed until	Duration of the positions proposed for conversion as of 31 December 2023 (number of years)	Justification
								the operational readiness phase and the successful completion of proof-of-concept trades to validate operational capability.
Accountant	P-3	1	Conversion	(1)	–	–	2	The proposed conversion of the position of futures/currency Accountant to established post will help to establish a team that specializes in a range of financial instruments, such as exchange-traded futures, FX swaps and foreign exchange forwards, with the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements, and provide a proper oversight role of the collateral management service provider. Without this function, the operations team would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards, and formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts and the risk of a modified or qualified opinion on the Fund’s financial statements. Conversion is being requested owing to the successful completion of the operational readiness phase and the successful completion of proof-of-concept trades to validate operational capability.
Associate Accountant	P-2/1	1	Conversion	(1)	–	–	2	The proposed conversion of the position of futures/currency Associate Accountant to established post will help to establish a team that specializes in a range of financial instruments such as exchange-traded futures, FX swaps and foreign exchange forwards, with the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements and provide a proper oversight role of the collateral management service provider. Without this function, the operations team would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards, and formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts and the risk of a modified or qualified opinion on the Fund’s financial statements. Conversion is being requested owing to the successful completion of the operational readiness phase and the successful completion of proof-of-concept trades to validate operational capability.

Title	Level	2023 approved positions	Proposed action	Conversions to post	2024 proposed general temporary assistance positions	Position needed until	Duration of the positions proposed for conversion as of 31 December 2023 (number of years)	Justification
Senior Accountant Assistant	GS (PL)	1	Conversion	(1)	–	–	2	The proposed conversion of the position of futures/currency Senior Accountant Assistant to established post will help to establish a team that specializes in a range of financial instruments, such as exchange-traded futures, FX swaps and foreign exchange forwards, with the industry and regulatory knowledge necessary for the Fund to ensure the accurate processing of such transactions and the reflection of all such transactions in the financial statements, and provide a proper oversight role of the collateral management service provider. Without this position the operations team would not be able to support the new margin trading instruments, appropriately manage accounting for complex instruments, implement ongoing and necessary changes in industry standards, regulations and IPSAS standards, and formulate the necessary and complex investment disclosures to the financial statements, thereby increasing the risk of misstatements and the misclassification of accounts and the risk of a modified or qualified opinion on the Fund's financial statements. Conversion is being requested owing to the successful completion of the operational readiness phase and the successful completion of proof-of-concept trades to validate operational capability.
Risk Officer	P-4	1	Conversion	(1)	–	–	2	The proposed conversion of one Risk Officer will support new initiatives such as securities lending, to-be-announced mortgage-backed securities, bond futures, foreign exchange swaps and forwards and repurchase agreements. The first to-be-announced trade was successful, and the Office of Investment Management expects to expand the use of the above-mentioned instruments. Given their complexity and high profile, it was confirmed that a high level of specialization and expertise would continue to be required to assess complex risks associated with the new initiatives.
Total, Office of Investment management		**7**		**(7)**	**–**			

C. Internal Audit/Office of Internal Oversight Services: proposed general temporary assistance positions

Title	*Level*	*2023 approved positions*	*Proposed action*	*Conversions to post*	*2024 proposed general temporary assistance positions*	*Duration of the positions proposed for conversion as at 31 December 2023 (number of years)*	*Justification*
Programme of work							
Senior Auditor	P-5	1	Continuation	–	1	3	To conduct the Fund's audits.
Investigator	P-4	1	Continuation	–	1	3	To conduct the Fund's case investigations.
Total, OIOS		**2**		**–**	**2**		

Annex V

Number of participants in the United Nations Joint Staff Pension Fund by member organization as at 31 December 2022

	Number of participants																			
Member organization	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
United Nations[a]	57 541	59 542	64 092	68 853	74 575	79 933	82 576	85 617	85 289	86 190	85 721	84 476	86 880	87 111	85 009	84 854	85 363	86 963	86 827	89 446
Food and Agriculture Organization of the United Nations	5 648	5 822	5 918	5 774	5 735	5 722	6 011	6 145	6 243	6 081	6 032	9 558	10 062	10 318	10 533	11 163	11 760	12 341	13 900	15 990
World Health Organization	8 966	9 498	9 932	10 072	10 157	10 435	11 029	10 986	10 774	10 391	10 153	10 091	10 536	10 724	10 732	10 819	11 056	11 189	11 310	11 551
International Organization for Migration	–	–	–	–	2 059	2 419	3 134	3 261	3 263	3 326	3 428	3 536	3 924	4 624	5 052	5 951	6 897	7 687	8 636	9 968
International Labour Organization	3 044	3 221	3 330	3 261	3 366	3 572	3 642	3 741	3 697	3 644	3 599	3 692	3 760	3 706	3 629	3 819	3 939	4 050	4 283	4 406
International Atomic Energy Agency	2 207	2 217	2 261	2 278	2 273	2 229	2 245	2 307	2 363	2 447	2 464	2 517	2 666	2 681	2 679	2 734	2 802	2 777	2 743	2 687
United Nations Educational, Scientific and Cultural Organization	2 517	2 528	2 508	2 469	2 526	2 553	2 602	2 632	2 651	2 520	2 442	2 376	2 445	2 412	2 434	2 479	2 539	2 511	2 539	2 601
World Intellectual Property Organization	1 240	1 206	1 166	1 130	1 134	1 139	1 154	1 156	1 161	1 173	1 242	1 246	1 233	1 225	1 209	1 222	1 216	1 215	1 210	1 200
International Criminal Court	–	298	431	578	719	809	865	908	974	936	914	958	1 004	1 099	1 167	1 225	1 230	1 179	1 166	1 107
International Telecommunication Union	971	875	871	854	843	823	831	830	822	834	814	781	779	768	721	726	748	765	778	781
International Civil Aviation Organization	863	863	826	806	795	775	784	791	777	778	745	769	787	798	799	789	761	739	720	725
United Nations Industrial Development Organization	786	791	783	753	759	779	825	826	775	769	735	713	697	669	673	698	712	711	713	703
International Fund for Agricultural Development	462	488	506	502	519	526	534	540	549	556	540	560	578	595	580	586	612	633	646	665
World Meteorological Organization	303	287	302	334	332	319	315	309	307	308	315	327	350	351	350	360	374	353	388	407
International Maritime Organization	344	351	343	338	337	320	323	313	312	308	291	290	284	284	280	277	365	358	345	353
Comprehensive Nuclear-Test-Ban Treaty Organization	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	300	309	329	343
Special Tribunal for Lebanon	–	–	–	–	–	–	259	329	371	396	412	436	472	462	450	438	449	400	259	186
International Centre for Genetic Engineering and Biotechnology	152	162	171	173	177	191	194	190	189	183	184	177	171	168	175	174	175	168	169	174
World Tourism Organization	88	95	90	99	100	95	95	95	98	97	97	98	97	91	83	88	89	89	87	97

Member organization	Number of participants																			
	2003	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*
International Seabed Authority	34	28	30	29	29	32	31	32	31	32	35	30	33	35	38	42	43	44	48	54
International Centre for the Study of the Preservation and Restoration of Cultural Property	34	39	39	40	38	37	36	34	32	34	33	32	33	37	39	43	45	49	47	50
Inter-Parliamentary Union	–	–	37	40	45	45	48	49	45	46	47	45	46	47	45	48	47	43	45	44
International Tribunal for the Law of the Sea	34	34	36	36	36	38	34	34	37	36	38	36	38	39	41	40	41	40	40	39
European and Mediterranean Plant Protection Organization	11	11	11	12	12	13	13	13	14	13	13	15	17	18	18	19	20	19	19	21
Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	14	14
Total	**85 245**	**88 356**	**93 683**	**98 431**	**106 566**	**112 804**	**117 580**	**121 138**	**120 774**	**121 098**	**120 294**	**122 759**	**126 892**	**128 262**	**126 736**	**128 594**	**131 583**	**134 632**	**137 261**	**143 612**
Total, number of member organizations	**19**	**20**	**21**	**21**	**22**	**22**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**23**	**24**	**24**	**25**	**25**

[a] United Nations Headquarters, regional offices and all funds and programmes.